

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

Paris, Wednesday, November 18, 1998

No. 35,991

Gore Opens APEC Rift With Praise of Reform

Malaysia Accuses U.S. of Inciting Lawlessness, But the Vice President Stands by His Remarks

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — Malaysia accused the United States on Tuesday of inciting the overthrow of a "constitutionally elected" Malaysian government, as the escalating dispute among Asian and Pacific nations over how to handle human rights issues deepened divisions on the opening day of a key regional economic conference.

The Malaysian foreign minister, Abdullah Ahmad Badawi, delivered a scathing response to Vice President Al Gore of the United States, who on Monday endorsed a reform movement that is trying to remove the government of Prime Minister Mahathir bin Mohamad.

"Malaysia finds the incitement by the U.S. government to lawlessness by certain elements within the country to be unacceptable," he said.

Malaysia's charges are "not at all" justified, Washington says. Page 5.

use undemocratic means in order to overthrow a constitutionally elected government, most abhorrent," Mr. Abdullah said in a written statement.

"Malaysians do not take kindly to sanctimonious sermonizing from any foreign quarter, especially the United States, a country which is known to have committed gross violations of human rights."

Analysts said that Mr. Gore's remarks, in a speech to a business conference on the eve of the annual summit meeting of the Asia-Pacific Economic Cooperation forum, had opened a serious rift in the group and poisoned relations between the United States and Malaysia, which is chairing the summit meeting.

A number of countries normally close to the United States — including Japan, Australia, New Zealand and Singapore — distanced themselves from Washington's stand Tuesday, warning that the dispute could distract the group, known as APEC, from tackling the region's economic crisis.

"We for our part, are not engaging in megaphone diplomacy to raise our concern," said a Japanese government spokesman, Sadaaki Numata.

Prime Minister Jenny Shipley of New Zealand, whose country will be host of the 1999 APEC meeting in Auckland, noted that APEC was a forum that depended on cooperation among its 21 members to achieve results.

"Clearly there are some pressing bilateral issues that countries want to raise here in Malaysia," she said, "but it should not be at the expense of APEC."

Mr. Gore stuck to his guns Tuesday. "That is the American message," he said at a meeting with Prime Minister Yevgeny Primakov of Russia, "and I am proud to deliver it here and anywhere I go. Moving into the 21st century with a strong economy really requires democracy and self-government."

Not all APEC countries expressed reservations.

"It was a very beautiful speech," said President Joseph Estrada of the Philippines, who met on Monday with Azizah Ismail, the wife of Anwar Ibrahim, in a gesture of sympathy for the ousted deputy prime minister.

A series of rallies by supporters of Mr. Anwar continued Tuesday as several hundred people gathered at a mosque shouting "Reformasi" — the cry of reform that Mr. Gore saluted in his speech on Monday.

In his address, Mr. Gore honored the "brave people" of Malaysia who were demanding political reform — an obvious reference to the opposition movement backed by supporters of Mr. Anwar. He also said that democracy was the best way for Asia to recover from its economic crisis. The White House said

See GORE, Page 5

Kurdish Rebel in Italy: A Headache for D'Alema

First Foreign Policy Test for Prime Minister

By Alessandra Stanley
New York Times Service

ROME — Facing his first real foreign policy test, Prime Minister Massimo D'Alema must decide what to do with a prominent Kurdish rebel leader who was arrested last week at the Rome airport.

Turkey wants Italy to extradite the rebel, Abdullah Ocalan, leader of the Kurdistan Workers Party, which is seeking Kurdish autonomy in southeastern Turkey. He is viewed in Turkey as a terrorist. Germany also has a warrant out for his arrest on homicide charges.

But Mr. D'Alema, a former Communist who was appointed prime minister last month, is under pressure from leftists in his coalition to offer Mr. Ocalan political asylum.

Mr. D'Alema told Parliament on Tuesday that Italy would not grant political asylum to Mr. Ocalan unless it is convinced that he has truly renounced terrorism.

"I consider this a minimum for our country to be able to process an asylum request," Mr. D'Alema told the lower house.

"Our country doesn't intend to be a host for terrorist activities," he said. Earlier, he noted that Italian law prohibits extradition of suspects to countries that have the death penalty. Turkey has capital punishment, although it says it will soon abolish it. Mr. Ocalan is being tried in absentia there on charges that could bring the death penalty.

Mr. D'Alema said a committee of the Interior Ministry would determine whether Mr. Ocalan would qualify for political asylum, which would be possible if Mr. Ocalan's promise to renounce terrorism holds up.

"We do not want someone who organizes terrorism in Italy," Mr. D'Alema said. "This is an opportunity to find an exit from a bloody conflict."

More than 29,000 people have died in the fighting between Kurds and Turkish troops in the last 14 years.

Earlier Monday, while members of

Mr. D'Alema's government met with Turkish officials who were in Rome for a European ministerial meeting, thousands of Kurds flooded into Rome to hold a demonstration and hunger strike in support of Mr. Ocalan.

Mr. D'Alema's decision was further complicated on Sunday when Turkish inmates in a prison in Istanbul took an Italian prisoner hostage, saying they would release him only after Italy extradited Mr. Ocalan.

For now, Mr. Ocalan is being held in an undisclosed Italian hospital in the outskirts of Rome. Given Italian law, extradition is out of the question for now.

But Turkey is so eager to get hold of Mr. Ocalan, who has led the country's most wanted list for more than a decade, that Turkey's justice minister, Hasim

See ITALY, Page 9



The U.S. vice president, Al Gore, right, walking with President Joseph Estrada of the Philippines and Hong Kong's chief executive, Tung Chee-hwa, after a group photo of APEC leaders Tuesday.

Saddam Vulnerable, Blair Says

Britain Has Evidence of Growing Opposition in Iraq

By Warren Hoge
New York Times Service

LONDON — Prime Minister Tony Blair said Tuesday that Britain had evidence of growing opposition to President Saddam Hussein inside Iraq that he believed gave the Clinton administration's new objective of seeking his overthrow a better chance of success than in the past.

In an interview in his 10 Downing Street office, Mr. Blair said, "I don't want to go into the detail of that too much because that is obviously something we should discuss with the Americans, and we are not issuing promises here that we can't keep."

"But there is a buildup of concern within Iraq over the incredible damage he is doing to his own country," Mr. Blair said. "Now he may try to explain what has happened over the weekend, as he

always does and even did at the end of the Gulf War, as a wonderful victory, but our assessment is that the claims against him are only increasing."

Since 1991, the Central Intelligence Agency has come up with at least six plans to undermine the Iraqi leader, but they have fallen victim to quarrels

among the exile groups or been crushed by Mr. Saddam's Republican Guards. British security services have assisted propaganda campaigns by organizations like the Iraqi National Congress, a coalition of a dozen groups based in London.

On Monday, Mr. Blair told the House of Com-

monwealth Affairs Committee that the British government had evidence of growing opposition to President Saddam Hussein inside Iraq that he believed gave the Clinton administration's new objective of seeking his overthrow a better chance of success than in the past.

See IRAQ, Page 9



An Iraqi soldier escorting UN weapons inspectors as they returned to Baghdad on Tuesday.

Euro Could Dethrone the Dollar in Asia

By Philip Segal
International Herald Tribune

HONG KONG — Although the economies of Asia remain shell-shocked, Asian countries still hold hundreds of billions of dollars in cash and could play a key role in determining the success of next year's major economic event: the creation of Europe's single currency, the euro, Jan. 1.

Europe's money also promises to play a much greater role in Asian finance. While Indonesia, South Korea and Thailand have had to resort to International Monetary Fund bailouts, Asia

remains the world's dominant lender, with well over \$500 billion in foreign-currency reserves, most of them in U.S. dollars.

Japan, China, Hong Kong, Taiwan and other economies in Southeast Asia are financing America's continuous and growing current-account deficits.

That means Asia buys a lot of American bonds, but that could change. Asia holds a combined 40.5 percent of the world's foreign-currency reserves, and it is the possible movement of some of those reserves from dollars to euros next year that could have the biggest individual effect on how strong the euro turns

out to be, analysts said. "The decision by Asian central banks is crucial — it's key," said Lorenzo Codogno, economist at the Bank of America in London.

The United States has a 21 percent share of the world's economy. But the U.S. dollar made up 56.4 percent of international reserves at the end of last year, according to the IMF. Reserves in European currencies — including four that will not convert to the euro on Jan. 1 — made up just 26 percent, even though Europe's contribution to the world economy is about equal to America's.

See EURO, Page 19

Fed Eases Rates, Saying 'Unusual' Strains Remain In U.S. Economy

Quarter-Point Cut, the Third In 2 Months, Comes Amid Signs Of Both Health and Uncertainty

By John M. Berry
Washington Post Service

WASHINGTON — The Federal Reserve Board, citing continuing problems in financial markets, reduced short-term U.S. interest rates Tuesday by a quarter of a percentage point, its third round of cuts in less than two months.

However, in announcing the latest reduction, the central bank also signaled that further reductions were unlikely in response to the problems in financial markets that emerged in mid-August after the Russian government defaulted on a portion of its debt.

"Although conditions in financial markets have settled down materially since mid-October, unusual strains remain," the Fed said. It said that with the federal funds rate, the interest rate that financial institutions charge each other on overnight loans, now at 4.75 percent, down from 5.5 percent in September, "financial conditions can reasonably be expected to be consistent with fostering sustained economic expansion while keeping inflationary pressures subdued."

The Fed's stop policy-making group, the Federal Open Market Committee, also said it was reducing the discount rate to 4.5 percent from 4.75 percent. The discount rate is the rate financial institutions pay when they borrow directly from a regional Federal Reserve bank.

The Fed got leeway to cut rates Tuesday with a report that the consumer price index rose only 0.2 percent in October after staying unchanged in September. That indicates that inflation remains at bay.

Still, before it moved Tuesday, some economists believed the Fed would refrain from further cuts because of signs that the U.S. economy continued to chug ahead despite turmoil overseas. But some Fed officials apparently worried that if they had not cut rates again, a sharper slowdown could be on the way.

Indeed, as Federal Reserve officials met Tuesday they were confronted with unusual crosscurrents of strength and weakness swirling through the U.S. economy.

On the side of strength, the Commerce Department reported Friday that retail sales rose strongly last month

See RATES, Page 14

Bumpy Ride Aside, The Small Investor Keeps the Faith

By Ianthe Jeanne Dugan
Washington Post Service

NEW YORK — In six months last year, James Marzolf earned more from the U.S. stock market than from his \$56,000-a-year job as a United Parcel Service truck driver. But in just four weeks in September, he lost two-thirds of his \$300,000 portfolio, causing hanks to call in loans and straining his marriage.

But will he abandon the market? Never, he says. "I've seen what it can do," said Mr. Marzolf of Rowlett, Texas, who stops at a friend's house each day during his lunch break to surf the Internet for clues to the route back to prosperity. "I still believe that in two or three years, maybe I'll make enough in the stock market that I won't have to drive for UPS anymore."

Such tempered perseverance is sweeping America, drawing bruised investors back into the market. Since what was for many a first brush with a big market decline late this summer, U.S. investors have become more skeptical, selective and apprehensive — but wedded to Wall Street all the same.

"Individuals," said David Tests, chief investment strategist for T. Rowe Price Associates Inc., "are cautiously coming back from the darkness, blinking into the light. They have not found satisfying alternatives to the stock market."

The technology-heavy Nasdaq composite index has risen nearly 30 percent in the past six weeks. Small stocks measured by the Russell 2000 index have gained about 8 percent. The Standard & Poor's index of 500 companies has gained about 10 percent — in line with publicly traded companies overall, according to Wilshire Associates Inc., which tracks 5,000 public corporations.

"The turnaround has been mind-boggling," said Philip Schettini, chief portfolio strategist at Loomis Sayles & Co. "Just six weeks ago it looked like the world was coming to an end."

In October, the average stock was

See MARKET, Page 19

The Dollar		
New York	Tuesday @ 4 P.M.	previous close
DM	1.6598	1.6583
Yen	120.95	120.31
FF	5.5981	5.5935
Pound	1.5768	1.5768
The Dow		
Dollars per point		
Tuesday close	percent change	
-24.97	8,966.28	-0.28%
+3.46	1,139.32	+0.30%
+16.81	1,878.59	+0.91%

AGENDA

Appeal Rejected, Priebke Is Jailed in Italy

ROME (Reuters) — A former SS captain, Erich Priebke, was jailed on Tuesday after Italy's highest court rejected his appeal against a life sentence for taking part in the country's worst World War II atrocity.

Mr. Priebke, 85, was sentenced to life in prison in March by an Italian military court for having taken part in the 1944 massacre of 335 men and boys at the Ardeatine Caves near Rome.

The sentence was suspended pending an appeal. Mr. Priebke was kept under house arrest at the Rome home of his lawyer until his transfer on Tuesday to the Forte Boccea military prison, on the outskirts of the capital.

Books..... Page 4.
Crossword..... Page 12.
Opinion..... Pages 10-11.
Sports..... Pages 24-25.

SPECIAL REPORT Pages 20-21.
The Pharmaceuticals Industry

The Intermarket Pages 11, 18.
The IHT Online www.ihnt.com

Starr Prolongs the Drama on Inquiries

Counsel's Final Report May Not Be Finished Until Clinton's Term Ends

By Stephen Labaton
New York Times Service

WASHINGTON — The new indictment of Webster Hubbell, the longtime friend of the Clintons, means that Kenneth Starr will almost certainly remain in business as independent counsel through the last months of President Bill Clinton's term, and that a final report may not be made public until after Mr. Clinton leaves the White House, according to lawyers involved in the inquiry.

Before last week, the widespread im-

pression was that Mr. Starr was winding down his four-year inquiry. But the prosecution Friday of Mr. Hubbell for Whitewater-related matters raises new

White House is offered a half-hour to question Kenneth Starr. Page 3

issues that could result in months of legal pretrial wrangling, a long trial and possible appeals.

Charles Bakaly 3d, Mr. Starr's spokesman, said Monday that it would be impossible to say when a final report

would be completed and that it cannot be filed with the special court that oversees independent counsels until the conclusion of the Hubbell cases and other court action.

"We cannot predict when it will end," Mr. Bakaly said. "Once matters are filed and go into the judicial arena, the timing is outside of the control of the prosecutor."

[Mr. Starr sent investigators in the House of Representatives four boxes of evidence Tuesday related to Mr. Hub-

See STARR, Page 4

Newsstand Prices

Atlanta	10.00 FF	Latino	11.30
Ankara	12.50 FF	Morocco	16 Dh
Cairo	1.800 CFA	Oman	10.00 QR
Beirut	12.50 FF	Paraguay	12.50 FF
Beijing	10.00 FF	Saudi Arabia	10 SR
Bombay	1.100 CFA	Senegal	1.100 CFA
Brussels	3.000 Lira	Spain	250 Ptas
Ivory Coast	1.250 CFA	Tunisia	1.250 Dh
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S.M.R. (Eur.)	\$1.20

THE AMERICAS

Many Lies Are Taken Seriously, Perjury Cases Show

By William Glaberson
New York Times Service

NEW YORK — A Texas judge was convicted of perjury for declaring that he had used political contributions to buy flowers for his staff when, in fact, the flowers went to his wife.

A Florida postal supervisor is in prison for denying in a civil deposition that she had a sexual relationship with a subordinate.

An Ohio youth who was arrested for underage drinking testified that he had never been read his rights by the police. He was then convicted of perjury for lying and sent to jail for 60 days.

Defenders of President Bill Clinton have argued that his accusers are overzealous in saying he should be impeached on the grounds that he committed perjury when he denied in a civil deposition that he had had a sexual relationship with Monica Lewinsky.

But a review of more than 100 perjury cases in state and federal courts, and statistics on the number of perjury prosecutions brought around the United States, show that Americans are prosecuted for what might be called small lies more regularly than the Clinton defenders have suggested.

With the House Judiciary Committee's hearings into the possible impeachment of the president set to begin on Thursday, the Mr. Clinton's defenders are expected to return to

their theme. The president's lawyer, David Kendall, has said that "no prosecutor in the United States would bring a perjury prosecution on the basis" of the kinds of questions Mr. Clinton was asked about his sex life in the Paula Jones sexual harassment suit.

But interviews with lawyers, legal experts and with a woman who is serving a sentence for lying about sex in a civil case show that, far from being shrugged off, the threat of prosecution for perjury, even in civil cases, is a crucial deterrent in the legal system. The civil case involving Mr. Clinton is now closed, as he has settled out of court by agreeing to pay Mrs. Jones \$850,000.

One statistic on perjury prosecutions has been widely circulated since the president's supporters began arguing that perjury was little more than a technicality seized upon by the president's enemies: Of 49,655 cases filed by federal prosecutors last year, only 87 were for perjury.

State courts, where statistics are harder to come by, are another matter. Data supplied by court officials in two states, California and New York, suggest that perjury prosecutions are not as rare as some have suggested. In California alone last year, there were 4,318 felony perjury cases. In New York there were 395 perjury cases last year. Even in the federal system, prison officials said in October that 115 people were serving sentences for perjury in federal prisons alone.

The review of the cases offers some support for Mr. Clinton's defenders. Perjury charges are brought in civil cases far less frequently than in criminal cases. In addition, the law of perjury is highly technical, with courts sometimes ruling that some obviously misleading statements like those Mr. Clinton acknowledges making may not constitute perjury under the law.

The review of perjury cases also shows that, while lies about sex are rarely the subject of perjury prosecutions, there are precedents that come quite close to the allegations against Mr. Clinton.

In a current case, Barbara Banalino, a former Veterans Affairs psychiatrist at a medical center in Idaho, has become perhaps the best-known admitted perjurer in America. She now acknowledges she had a sexual encounter in her government office with a Vietnam veteran who was seeking psychiatric help in 1991.

She says the man, Ed Arthur, was never formally her patient. But she also admits that when he brought a civil suit for medical malpractice and sexual harassment, she lied when his lawyer asked her at a deposition whether "anything of a sexual nature" occurred in her office when she was alone with Mr. Arthur.

Mr. Arthur provided the prosecutors with tapes he had secretly made of her telling him to deny their affair. She was convicted of perjury. She is now serving six months' home confinement.

In 1984, Pam Parsons, the former women's basketball coach at the University of South Carolina, went to prison for four months after a perjury conviction for her testimony in a civil libel suit she had filed against Sports Illustrated.

The magazine had reported that she had had a relationship with at least one team member and recruited players "with sex in mind." Ms. Parsons and the player testified, denying, among other things, that they had frequented a lesbian bar.

The jury in the libel case decided for the magazine. Then the women were indicted for perjury. Both pleaded guilty.

Some courts have gone out of their way to say that perjury in civil cases is as important as perjury in any other testimony.

In a 1988 civil suit in Georgia, for example, a founder of the Southern White Knights of the Ku Klux Klan, David Wayne Holland, was found liable for violating the rights of civil-rights marchers.

In 1990, Mr. Holland was convicted of perjury for lying about his assets so the plaintiffs could not recover any of the \$450,000 in damages they had won. The judge sentenced Mr. Holland to home detention and community service. But in 1994, a federal appeals court sent the case back for a sterner sentence, saying it rejected any suggestion "that perjury is somehow less serious when made in a civil proceeding."

POLITICAL NOTES



TRIPP TAPES — Reporters dashing to get copies of 1 1/2 tapes of President Clinton's tapes of Monica Lewinsky made public by the House on Tuesday in Washington.

Hyde Widening Probe?

WASHINGTON — In a move that could widen the investigation of President Bill Clinton, the chairman of the House Judiciary Committee will ask fellow Republicans on the panel to seek testimony from a former Democratic Party fund-raiser, according to a senior Republican congressional aide.

The aide, speaking Monday, said the chairman, Representative Henry Hyde of Illinois, planned to ask Republican committee members to either call the former fund-raiser, John Huang, or get testimony from him in a deposition.

Mr. Hyde's interest in what Mr. Huang could have to say may be highly significant because, until now, the possible grounds for impeachment of the president that have been before the Judiciary Committee all stem from Mr. Clinton's affair with a former White House intern, Monica Lewinsky, and his attempts to keep that affair a secret.

But now, the congressional aide said, Mr. Hyde is interested in what Mr. Huang has to say about his dealings with Webster Hubbell, the former No. 3 official in the Clinton Justice Department, who has been a persistent target of the independent counsel, Kenneth Starr.

Mr. Starr was known to be pursuing whether Mr. Huang might have steered money to Mr. Hubbell to keep Mr. Hubbell quiet about what he knew of Mr. Clinton's

financial dealings in Arkansas — the original mandate of Mr. Starr. (NYT)

Democrats Optimistic

WASHINGTON — After his re-election as House minority leader, Richard Gephardt, Democrat of Missouri, presented two poster versions of Newsweek covers to his colleagues: a recent edition showing Newt Gingrich, who is stepping down as speaker, under the headline "The Loser" and a fictional cover, dated Nov. 8, 2000, and emblazoned with the words, "Democrats Win Back the House!"

Buoyed by their recent gain of five House seats, congressional Democrats on Tuesday chose the team they hope will achieve that goal, electing their chief fund-raiser, Martin Frost of Texas, as Democratic Caucus chairman, the third-ranking job, and Robert Menendez of New Jersey as caucus deputy chairman. (WP)

Quote/Unquote

Senator Bob Kerrey, Democrat of Nebraska, calling on President Clinton to increase funding sharply for a program to help Russia dismantle nuclear weapons: "A bold gesture of friendship and leadership that does not threaten our security would give Russia the confidence to significantly reduce her own nuclear arsenal." (WP)

Away From Politics

• The parents of a boy who died while playing with a gun lost their wrongful-death lawsuit in Oakland, California, in a bid to force the handgun maker Beretta U.S.A. to pay damages for failing to include safety features on the pistol that killed him. Gun control supporters had hoped the case would usher in a wave of product liability lawsuits against gun makers. (Reuters)

• Three deaths from acute liver disease in patients taking Tasmar, the trade name for tolosapon, a new drug for Parkinson's disease, has led the Food and Drug Administration to advise doctors of the risks and to order new warning labels. (Reuters)

• New York City's law governing permits for parades and rallies has been

struck down by a federal judge, who said it was unconstitutional because it lacked firm guidelines for when the police must respond to requests for permits. The judge ruled that the city law violated First Amendment guarantees of free speech because it did not sufficiently restrict the risk of censorship by city officials. (NYT)

• A federal judge blocked the execution of a prisoner just hours before he was to die by injection in San Quentin, California, for killing two people during a robbery in 1981. Judge Maxine Chesney said Governor Pete Wilson's office might have misled Jarrarun Shippons' lawyers about what information Mr. Wilson would consider in deciding whether to grant clemency and reduce his sentence to life without parole. (AP)

Half an Hour to Grill Starr

White House Considers Offer From Hyde's Committee

By Guy Gugliotta and Juliet Eilperin
Washington Post Service

WASHINGTON — The House Judiciary Committee has offered the White House a half-hour to question the independent counsel Kenneth Starr when he goes to Capitol Hill on Thursday to discuss his investigation of President Bill Clinton's involvement with Monica Lewinsky.

White House officials confirmed that they had received the invitation in a letter from the committee chairman, Representative Henry Hyde, Republican of Illinois.

They said there was serious debate among presidential advisers whether to accept the offer, and, if they do, who would handle the questioning.

For aides who have long waited for the chance to grill Mr. Starr, the prospect is tempting, but some argued that it would be smarter to let committee Democrats handle it.

"It's dangerous," said a White House adviser. "It raises expectation levels. I don't think there's a trial lawyer in America who would tell you you could break a witness like Ken Starr in a half-hour. Anything you do will look ineffectual."

Mr. Starr's appearance will be the highlight of the first — and perhaps only — formal hearing in the Judiciary Committee's inquiry of impeachment against Mr. Clinton.

Democrats must decide how rigorously to question him about his methods, including his justification last January for expanding his four-year inquiry to include the Lewinsky affair.

The committee must still also determine the disposition of two boxes of documents sent last week by Mr. Starr, which detail allegations by a former White House volunteer worker, Kathleen Willey, that Mr. Clinton kissed and groped her in the Oval Office when she went to seek a paid position in 1993.

Committee members predicted that the Willey papers would not substantially change the panel's deliberations.

A committee source noted, however, that the panel would have to meet in closed session to decide what to do with the material and that "there is no meeting like that scheduled."

Even without resolving the Willey matter,

committee sources outlined an ambitious Thursday schedule beginning with brief opening statements by Mr. Hyde and the ranking Democratic member, Representative John Conyers Jr. of Michigan, followed by Mr. Starr's uninterrupted oral presentation, to last up to two hours.

After that, the committee will question Mr. Starr in a phase that will last several hours.

It will be followed by the possible White House questioning and end with half-hour presentations by the majority counsel, David Schippers, and his Democratic counterpart, Abbe Lowell.

If the White House decides to use its half-hour, it would probably send either a presidential counsel, Charles Ruff, or a special counsel, Gregory Craig, to lead the questioning, according to people in the Clinton camp.

While Mr. Clinton's private attorney, David Kendall, has jostled with Mr. Starr the longest on the president's behalf, some Clinton advisers calculate that Mr. Ruff would bring the stature and integrity of a longtime Washington figure who served as the last Watergate prosecutor, while Mr. Craig might be the more telegenic and charismatic figure to put before the nation.

The White House was also working on its responses to 81 often-pointed questions sent to Mr. Clinton by the Judiciary Committee.

The questions call for "admit or deny" answers, and the White House lawyers plan to follow that format for many.

But for a number that they consider loaded or argumentative, they are likely to object or refer the committee to Mr. Clinton's grand jury testimony.

Committee sources said the responses to the questions would probably determine whether the committee calls more investigative hearings before a debate on articles of impeachment now scheduled for the week of Dec. 7.

"If there are disputes raised in response to central facts, they would have to be resolved," a committee source said.

Additional hearings could take place early next week, the source said, or the week after. Committee Republicans and Democrats planned to meet separately Tuesday to plot strategy.

Quebec Election Is a 'Dead Heat'

MONTREAL — The secessionist Parti Quebecois and the pro-Canadian-unity Liberal Party are running neck-and-neck in the campaign for the Nov. 30 Quebec provincial elections, according to a poll made public on Tuesday.

According to the poll, conducted for Reuters by Zogby International, 46.9 percent of voters in the French-speaking province would vote for the Liberals and their leader, Jean Charest, while 43.9 percent would choose the

governing Parti Quebecois, led by the current premier, Lucien Bouchard.

The poll found that the tiny Action Democratique party, led by Mario Dumont, would pick up 4.7 percent of the popular vote.

The pollster, John Zogby, said the poll results showed the race was too close to call.

"This is a statistical dead heat," he said. Zogby International polled 1,000 Quebecers from Nov. 13 to 15. The poll has a margin of error of 3.2 percent. Of those surveyed, 211 were undecided.

STYLE, SOUNDS, DINING, ARTS.

Hemlines, jazz, restaurants and art — the past year's articles from the IHT can be found on our site on the World Wide Web.

<http://www.iht.com>



If you're looking for a good night's sleep, a bed may not be the best option.

Our unrivalled Skyluxe seat has a unique headrest and is adjustable in just about every possible way, giving you the highest standard of luxury, comfort and support.

And as research proves, to a business class passenger the seat comfort is the single most important aspect of a long-haul flight. That's probably why people who really want to relax choose to fly JAL Executive Class Seasons.

For flight bookings or more information call JAL or contact your travel agent.

JAL Japan Airlines

A BETTER APPROACH TO BUSINESS
www.jal-europe.com

FOR INVESTMENT INFORMATION
Read
THE MONEY REPORT
every Saturday
in the IHT.
Herald Tribune

Great Location
for Business Travellers

swissotel
ISTANBUL
THE BOSPHORUS

Contact us direct or your travel agent

Reservations: 00 90 212 239 01 05 Fax: 00 90 212 239 01 05
JAL: 00 90 212 239 01 07 or 00 90 212 239 01 08
Local: 00 90 212 239 01 09 or 00 90 212 239 01 10

THE AMERICAS

STARR: Delay on Final Report

Continued from Page 1

bell, House sources told Reuters. The additional evidence, sent to Congress in identical four-box sets for Republican and Democratic investigators, did not include any allegation by Mr. Starr that it contained potential impeachable offenses.

The timing for the cases raises the prospect of an independent counsel who has spent years investigating conduct that has its origins in events that occurred long before Mr. Clinton arrived in Washington, and whose conclusions will not be known until after the president leaves office — and after the expiration of the independent counsel law itself.

It would also permit Mr. Starr, if he so chose, to follow the path that is being pushed by some Republicans, like Senator Arlen Specter of Pennsylvania, who have suggested that even if Mr. Clinton is not impeached, the president could still be prosecuted after leaving office in 2001.

Mr. Starr and his staff have never said whether it would be appropriate to bring charges against the president after his term ends.

Although some details of the Whitewater findings by Mr. Starr have been made public over the years in trials and other court appearances and papers, his conclusions about the role of the Clintons and top officials in many aspects of the investigation remain unknown.

Mr. Starr is expected to provide some further details about his inquiry when he appears Thursday before the House Judiciary Committee, but federal rules will sharply limit what he can tell the lawmakers about much of the evidence provided to grand jurors.

There are no such limitations about what he writes in a final report.

The sense that Mr. Starr was approaching the end of his work came in part from the independent prosecutor himself. In his impeachment report involving Monica Lewinsky, Mr. Starr told Congress that "all phases of the investigation are now nearing completion."

His office, Mr. Starr said, "will soon make final decisions about what steps to take, if any, with respect to the other information it has gathered."

Mr. Starr had completed his use of grand juries in Arkansas. And he had shown no signs of bringing any prosecutions arising from his investigations of the dismissal of the White House travel office or the improper compilation of hundreds of FBI files by the Clinton administration.

In court proceedings, Mr. Starr's moves did not appear likely to open vast new areas of inquiry.

He had filed a routine appeal of his defeat in the criminal tax case he had brought against Mr. Hubbell. And he had obtained a new indictment against Susan McDougal, one of the Clintons' Whitewater partners, on criminal contempt charges although there was no expectation that she would reverse her years of refusing to answer grand jurors' questions. That case is expected to be tried soon.

But the newest criminal indictment against Mr. Hubbell brings the sprawling inquiry back to its Whitewater roots and refers in considerable detail to the role of Hillary Rodham Clinton, one of Mr. Hubbell's partners in the Rose



Kenneth Starr getting into his car Tuesday in McLean, Virginia. Mr. Starr is expected to testify Thursday at a House Judiciary Committee impeachment hearing.

Law Firm, in a fraudulent land deal. It may require Mrs. Clinton's appearance in the witness box. And it will take until at least the end of next year before the case can be concluded.

"There is no doubt from all of our experiences that it takes a year or more to bring a

criminal case," said John Bates, a former deputy to Mr. Starr who is now in private practice. And, he and others said, it could take at least six months for the federal court that oversees the independent counsel to sort out the legal issues that surround the public release of a final report.

High School Shooting Spree Averted?

Washington Post Service

BURLINGTON, Wisconsin — Even in this pleasant, out-of-the-way town, the alleged plot seemed disturbingly familiar. Five teenage boys with axes to grind had hatched a hit list and decided to settle their grievances with gunfire. Had things gone according to plan, the police here say, the boys would have turned the local high school into a killing field Monday, taking school administrators hostage and marching from one classroom to another shooting teachers and classmates.

The police were tipped off over the weekend and quickly moved in, arresting three of the teenagers. The scheme that the police say the boys discussed was hauntingly similar to what has happened in schools in other small American towns in recent months.

Children have opened fire at school in six incidents during the last school year, killing 12 students and 2 teachers and raising anguished questions about what could be done to prevent such violence. Since then, school administrators have tried to refashion security policies

and educate students and parents about the importance of taking threats seriously.

The Burlington school superintendent, Ron Jandura, said security policies here had been tightened and officials were feeling not just relief that tragedy was averted, but also reassurance that "what we have been trying to do for the last several years worked."

The suspects, freshmen and sophomores at Burlington High School, were described by classmates as outcasts whose homemade tattoos, spike bracelets and punk wardrobes did not fit in with the Nike-and-jeans mainstream.

The police did not uncover any weapons. But they said statements provided by the boys to detectives Sunday convinced the police that they intended to carry out their plan.

Authorities here have filed criminal complaints against five boys, although only three are in custody. A juvenile judge, assessing the complaints, is scheduled to decide Wednesday whether to charge any of the boys, who were not identified, with the felony of conspiracy to commit murder.

BOOKS

AN AMERICAN CENTURY

By Harold Evans. 720 pages. \$50. Knopf

Reviewed by James T. Patterson

HAROLD EVANS, the journalist and publisher, first went to the United States from Britain in 1956, and since 1984 he has lived and worked in New York. "An American Century" offers his reflections on the 100 years between 1889, the centennial of the start of the Republic, and the collapse of the Soviet Union in 1989.

Hoping to reach a wide readership, Evans explains that he has tried to write an "accessible popular political history." Photographs, illustrations, biographies and brief narrative sections combine to create what he calls self-contained "modular units." The casual reader, he adds, "can dip into any spread of pages and absorb what he or she chooses without having to begin at the beginning; history for browsers."

He has indeed produced an accessible history. Evans writes engagingly and has an excellent ear for apt anecdotes and quotations. Most of his biographical essays — which feature all the presidents from Benjamin Harrison through Ronald Reagan, as well as many other figures — are gems of description.

Like Arthur Schlesinger Jr., whom he cites frequently, Evans celebrates the many great things — notably in the realm of foreign policy during the Cold War, and in the realm of civil rights in the 1960s — that Americans have accomplished during this century. Yet Evans, a liberal, also wishes that Americans had more often lived up to their ideals of equality and justice for all. Thus he opens his account by deploring the exploitation and violence that nearly destroyed American Indian culture in the late 19th century. His second chapter, which praises the populists of the 1890s, employs the sub-headline "Money Shouts," followed by a commentary on social Darwinism labeled "Survival of the Fittest."

In the same vein, Evans regularly laments the defeats of reformers, such as Eugene Debs, who struggled to promote equality. Many of Evans's vivid short essays — on the Homestead Strike of 1892, the Pullman strike of 1894, the Scottsboro Boys case, the murders of Emmett Till and of Medgar Evers — remind us that poor people and minorities suffered grievous injustices during the "American Century."

In places, Evans is uncritical in his praise of liberal politics. Writing about FDR's New Deal programs, he credits the Agricultural Adjustment Administration with helping to raise farm prices but does not mention that it also accelerated the dispossession of tenant farmers. The New Deal, he added, dealt a "death blow" to the old-style, patronage-based urban political machines. That will surely surprise people who remember the Daley machine in Chicago. Dealing with LBJ's Great Society reforms, Evans exaggerates in stating that the president "nearly wiped out elderly poverty at a stroke." He then implies that the Great Society, by aiding people in the inner cities, helped to stop the urban riots of the 1960s. Very few historians would accept such an argument.

When Evans takes the time to explore a major historical question in some depth, he can be a shrewd and able guide. An extended commentary on America's acquisition of overseas possessions in 1898 sifts thoughtfully through contentious historical interpretations and concludes that "moralizing, not (economic) greed, was the most real thing about Amer-

ican foreign policy in 1898." The United States, he says, acquired an "Accidental Empire." But in trying to cover so much, Evans often stops short of serious analysis. We read about Rosie the Riveter but are not told whether she was typical of women workers during World War II or whether the war should be regarded as a key force in driving subsequent increases in female employment.

There are also regrettable omissions in a book that focuses on reformers, politics and foreign policies. The pros and cons of New Deal programs such as the Works Progress Administration and the National Labor Relations Board are scarcely mentioned. There are only scattered, cursory references to the role of the New Left in the 1960s. After praising the Supreme Court for rendering Brown v. Board of Education (1954), Evans ignores the many other decisions that placed the Warren Court in the cockpit of political controversy and divide us still.

In piecing together his book, Evans generously credits his research assistants. Alas, he and they are a bit unlucky to have me as a reviewer. Evans identifies me as a "sociologist" (not so bad but inaccurate), misrepresents what I said in a book about poverty over time, and lists me as the author of a volume that I did not write.

Still, I enjoyed Evans' lively, intelligently argued book and lingered over the wonderful photographs. It will grace my coffee table.

James T. Patterson, author of "Grand Expectations: The United States, 1945-1974," wrote this for The Washington Post.

BEST SELLERS

The New York Times		
This week's best-selling new books		
Fiction		
Book	Author	Weeks on list
1 THE PATH OF THE ANGIERS	by Robert Lind	1
2 THE VAMPIRE	by Anne Rice	2
3 THE NIGHT	by Mary Higgins Clark	3
4 THE PUNISHED	by Barbara Kingsolver	4
5 WHEN THE BIRD SINGS	by John Updike	5
6 THE HUNTER	by John Updike	6
7 THE HUNTER	by John Updike	7
8 THE HUNTER	by John Updike	8
9 WELCOME TO THE WORLD	by David Shields	9
10 MENARSA	by John Updike	10
11 THE HUNTER	by John Updike	11
12 THE HUNTER	by John Updike	12
13 THE HUNTER	by John Updike	13
14 THE HUNTER	by John Updike	14
15 THE HUNTER	by John Updike	15
16 THE HUNTER	by John Updike	16
17 THE HUNTER	by John Updike	17
18 THE HUNTER	by John Updike	18
19 THE HUNTER	by John Updike	19
20 THE HUNTER	by John Updike	20
21 THE HUNTER	by John Updike	21
22 THE HUNTER	by John Updike	22
23 THE HUNTER	by John Updike	23
24 THE HUNTER	by John Updike	24
25 THE HUNTER	by John Updike	25
26 THE HUNTER	by John Updike	26
27 THE HUNTER	by John Updike	27
28 THE HUNTER	by John Updike	28
29 THE HUNTER	by John Updike	29
30 THE HUNTER	by John Updike	30
31 THE HUNTER	by John Updike	31
32 THE HUNTER	by John Updike	32
33 THE HUNTER	by John Updike	33
34 THE HUNTER	by John Updike	34
35 THE HUNTER	by John Updike	35
36 THE HUNTER	by John Updike	36
37 THE HUNTER	by John Updike	37
38 THE HUNTER	by John Updike	38
39 THE HUNTER	by John Updike	39
40 THE HUNTER	by John Updike	40
41 THE HUNTER	by John Updike	41
42 THE HUNTER	by John Updike	42
43 THE HUNTER	by John Updike	43
44 THE HUNTER	by John Updike	44
45 THE HUNTER	by John Updike	45
46 THE HUNTER	by John Updike	46
47 THE HUNTER	by John Updike	47
48 THE HUNTER	by John Updike	48
49 THE HUNTER	by John Updike	49
50 THE HUNTER	by John Updike	50
51 THE HUNTER	by John Updike	51
52 THE HUNTER	by John Updike	52
53 THE HUNTER	by John Updike	53
54 THE HUNTER	by John Updike	54
55 THE HUNTER	by John Updike	55
56 THE HUNTER	by John Updike	56
57 THE HUNTER	by John Updike	57
58 THE HUNTER	by John Updike	58
59 THE HUNTER	by John Updike	59
60 THE HUNTER	by John Updike	60
61 THE HUNTER	by John Updike	61
62 THE HUNTER	by John Updike	62
63 THE HUNTER	by John Updike	63
64 THE HUNTER	by John Updike	64
65 THE HUNTER	by John Updike	65
66 THE HUNTER	by John Updike	66
67 THE HUNTER	by John Updike	67
68 THE HUNTER	by John Updike	68
69 THE HUNTER	by John Updike	69
70 THE HUNTER	by John Updike	70
71 THE HUNTER	by John Updike	71
72 THE HUNTER	by John Updike	72
73 THE HUNTER	by John Updike	73
74 THE HUNTER	by John Updike	74
75 THE HUNTER	by John Updike	75
76 THE HUNTER	by John Updike	76
77 THE HUNTER	by John Updike	77
78 THE HUNTER	by John Updike	78
79 THE HUNTER	by John Updike	79
80 THE HUNTER	by John Updike	80
81 THE HUNTER	by John Updike	81
82 THE HUNTER	by John Updike	82
83 THE HUNTER	by John Updike	83
84 THE HUNTER	by John Updike	84
85 THE HUNTER	by John Updike	85
86 THE HUNTER	by John Updike	86
87 THE HUNTER	by John Updike	87
88 THE HUNTER	by John Updike	88
89 THE HUNTER	by John Updike	89
90 THE HUNTER	by John Updike	90
91 THE HUNTER	by John Updike	91
92 THE HUNTER	by John Updike	92
93 THE HUNTER	by John Updike	93
94 THE HUNTER	by John Updike	94
95 THE HUNTER	by John Updike	95
96 THE HUNTER	by John Updike	96
97 THE HUNTER	by John Updike	97
98 THE HUNTER	by John Updike	98
99 THE HUNTER	by John Updike	99
100 THE HUNTER	by John Updike	100
ADULT, NON-FICTION		
1 THE GREAT CANCER PREVENTION DIET	by Robert Aron	1
2 SOMETHING MORE	by Sarah Jane Breckinridge	2
3 THE NEW ATLAS	by David Gribble	3
4 THE NEW ATLAS	by David Gribble	4
5 THE NEW ATLAS	by David Gribble	5
6 THE NEW ATLAS	by David Gribble	6
7 THE NEW ATLAS	by David Gribble	7
8 THE NEW ATLAS	by David Gribble	8
9 THE NEW ATLAS	by David Gribble	9
10 THE NEW ATLAS	by David Gribble	10
11 THE NEW ATLAS	by David Gribble	11
12 THE NEW ATLAS	by David Gribble	12
13 THE NEW ATLAS	by David Gribble	13
14 THE NEW ATLAS	by David Gribble	14
15 THE NEW ATLAS	by David Gribble	15
16 THE NEW ATLAS	by David Gribble	16
17 THE NEW ATLAS	by David Gribble	17
18 THE NEW ATLAS	by David Gribble	18
19 THE NEW ATLAS	by David Gribble	19
20 THE NEW ATLAS	by David Gribble	20
21 THE NEW ATLAS	by David Gribble	21
22 THE NEW ATLAS	by David Gribble	22
23 THE NEW ATLAS	by David Gribble	23
24 THE NEW ATLAS	by David Gribble	24
25 THE NEW ATLAS	by David Gribble	25
26 THE NEW ATLAS	by David Gribble	26
27 THE NEW ATLAS	by David Gribble	27
28 THE NEW ATLAS	by David Gribble	28
29 THE NEW ATLAS	by David Gribble	29
30 THE NEW ATLAS	by David Gribble	30
31 THE NEW ATLAS	by David Gribble	31
32 THE NEW ATLAS	by David Gribble	32
33 THE NEW ATLAS	by David Gribble	33
34 THE NEW ATLAS	by David Gribble	34
35 THE NEW ATLAS	by David Gribble	35
36 THE NEW ATLAS	by David Gribble	36
37 THE NEW ATLAS	by David Gribble	37
38 THE NEW ATLAS	by David Gribble	38
39 THE NEW ATLAS	by David Gribble	39
40 THE NEW ATLAS	by David Gribble	40
41 THE NEW ATLAS	by David Gribble	41
42 THE NEW ATLAS	by David Gribble	42
43 THE NEW ATLAS	by David Gribble	43
44 THE NEW ATLAS	by David Gribble	44
45 THE NEW ATLAS	by David Gribble	45
46 THE NEW ATLAS	by David Gribble	46
47 THE NEW ATLAS	by David Gribble	47
48 THE NEW ATLAS	by David Gribble	48
49 THE NEW ATLAS	by David Gribble	49
50 THE NEW ATLAS	by David Gribble	50
51 THE NEW ATLAS	by David Gribble	51
52 THE NEW ATLAS	by David Gribble	52
53 THE NEW ATLAS	by David Gribble	53
54 THE NEW ATLAS	by David Gribble	54
55 THE NEW ATLAS	by David Gribble	55
56 THE NEW ATLAS	by David Gribble	56
57 THE NEW ATLAS	by David Gribble	57
58 THE NEW ATLAS	by David Gribble	58
59 THE NEW ATLAS	by David Gribble	59
60 THE NEW ATLAS	by David Gribble	60
61 THE NEW ATLAS	by David Gribble	61
62 THE NEW ATLAS	by David Gribble	62
63 THE NEW ATLAS	by David Gribble	63
64 THE NEW ATLAS	by David Gribble	64
65 THE NEW ATLAS	by David Gribble	65
66 THE NEW ATLAS	by David Gribble	66
67 THE NEW ATLAS	by David Gribble	67
68 THE NEW ATLAS	by David Gribble	68
69 THE NEW ATLAS	by David Gribble	69
70 THE NEW ATLAS	by David Gribble	70
71 THE NEW ATLAS	by David Gribble	71
72 THE NEW ATLAS	by David Gribble	72
73 THE NEW ATLAS	by David Gribble	73
74 THE NEW ATLAS	by David Gribble	74
75 THE NEW ATLAS	by David Gribble	75
76 THE NEW ATLAS	by David Gribble	76
77 THE NEW ATLAS	by David Gribble	77
78 THE NEW ATLAS	by David Gribble	78
79 THE NEW ATLAS	by David Gribble	79
80 THE NEW ATLAS	by David Gribble	80
81 THE NEW ATLAS	by David Gribble	81
82 THE NEW ATLAS	by David Gribble	82
83 THE NEW ATLAS	by David Gribble	83
84 THE NEW ATLAS	by David Gribble	84
85 THE NEW ATLAS	by David Gribble	85
86 THE NEW ATLAS	by David Gribble	86
87 THE NEW ATLAS	by David Gribble	87
88 THE NEW ATLAS	by David Gribble	88
89 THE NEW ATLAS	by David Gribble	89
90 THE NEW ATLAS	by David Gribble	90
91 THE NEW ATLAS	by David Gribble	91
92 THE NEW ATLAS	by David Gribble	92
93 THE NEW ATLAS	by David Gribble	93
94 THE NEW ATLAS	by David Gribble	94
95 THE NEW ATLAS	by David Gribble	95
96 THE NEW ATLAS	by David Gribble	96
97 THE NEW ATLAS	by David Gribble	97
98 THE NEW ATLAS	by David Gribble	98
99 THE NEW ATLAS	by David Gribble	99
100 THE NEW ATLAS	by David Gribble	100

find

great gifts for the folks back home.
Choose from more than 3 million book,
CD and video titles at Amazon.com.

wrap

at the click of a mouse.

send

gifts throughout the world.
Last minute? Send a gift certificate.

relax

and roast some chestnuts,
because you're done.

BOOKS, MUSIC & MORE
amazon.com

UK For faster delivery within Europe of UK and many U.S. titles visit Amazon.co.uk.
D For faster delivery within Europe of German and many U.S. titles visit Amazon.de.

LIVING IN THE U.S.?

Now printed in New York
for same day
delivery in key cities.

To subscribe call
1-800-882-2884

Herald Tribune

THE WORLD'S DAILY NEWSPAPER

ASIA/PACIFIC

Critic Assails Habibie for 'Iron Fist'

Suharto's Oppression Is Being Revived, Political Opponent Says

JAKARTA — A leading opposition figure in Indonesia accused President B.J. Habibie on Tuesday of ruling with an "iron fist" like his authoritarian predecessor and one-time mentor, Suharto.

"Habibie's government has started to copy the pattern of Suharto's iron fist that oppressed the people," said Amien Rais, a likely presidential candidate. "Then they become the victims."

Ignoring student calls for his resignation following violent protests last week, Mr. Habibie went to the Asia-Pacific Economic Cooperation meeting of heads of states and governments Tuesday and Wednesday in Malaysia. It was his first trip abroad since taking office.

At least 16 people, including eight students, were killed last week in protests and rioting, the worst since unrest ended Mr. Suharto's 32-year rule in May.

Worried about Indonesia's volatility, Mr. Habibie said Tuesday that he would commute to the two-day meeting in Kuala Lumpur. The Malaysian capital is a two-hour flight from Jakarta.

"I cannot stay overnight, because I have a lot of work to do at home," State Secretary Akbar Tanjung quoted Mr. Habibie as saying.

General Wiranto, the head of Indonesia's armed forces and himself the

target of resignation calls, accompanied Mr. Habibie to Malaysia, but said he would stay for both days of the summit meeting.

Mr. Habibie has pledged to dismantle the rigid political system left behind by Mr. Suharto. But activists who want swifter democratic change accuse him of maneuvering to stay in power.

Mr. Rais, the leader of the New National Mandate Party and former chairman of the second-largest Muslim organization in Indonesia, has also demanded that General Wiranto quit over the latest violence.

"Wiranto has to take accountability as No. 1 man for security order," Mr. Rais told several thousand supporters in Bandar Lampung on Sumatra Island, west of Jakarta.

Student anger at Mr. Habibie intensified after the deadly clashes with security forces, which touched off mob rioting by thousands of youths.

Jakarta's streets were quiet Tuesday, a Muslim holy day and national holiday. Red and white Indonesian flags flew at half-staff at houses, hotels and offices in mourning for the slain students.

Chinese Leader States Concern

President Jiang Zemin of China expressed concern Tuesday over the treatment of ethnic Chinese in Indonesia, said Ali Alatas, Indonesia's foreign

minister. The Associated Press reported from Kuala Lumpur.

During the widespread riots in May that toppled President Suharto, looting of shops was concentrated on those owned by ethnic Chinese. Reports that ethnic Chinese women were raped systematically during the unrest are being investigated. The ethnic Chinese were also frequently targets in the rioting last week.

Mr. Habibie assured Mr. Jiang during the APEC meeting that his government strongly condemned the crimes against the Chinese, Mr. Alatas said.

Mr. Habibie said the Indonesia government is determined to eliminate the racial, social and economic gaps between ethnic Indonesians and Chinese, Mr. Alatas said. The small Chinese minority owns a large percentage of the country's businesses and companies.

Mr. Jiang expressed satisfaction with Mr. Habibie's explanation, but said he hopes such riots would not recur.

Mr. Habibie also said he hoped that what happened during the unrest in May would not affect relations between the two countries, Mr. Alatas said. "Don't let what happened in the past become a stumbling block to our future cooperation," Mr. Alatas quoted his president as saying.



Marines relaxing in Jakarta on Tuesday, a calmer day than many recent ones in the Indonesian capital.

BRIEFLY

Doubt on Khmer Rouge Death

PHNOM PENH — Former Khmer Rouge rebels expressed doubt Tuesday about reports of the death of Khieu Samphan, a longtime senior leader of the guerrilla group, and the Foreign Ministry of Thailand called the reports untrue.

The Japanese news agency Kyodo carried a report that the veteran guerrilla had died in the jungles along the Thai-Cambodian border. But Thai military sources said that the report could not be confirmed.

The Foreign Ministry of Thailand said it had checked with other government agencies as well as news agencies and found the account of the death to be untrue. It also denied Mr. Khieu Samphan had crossed into Thailand.

Kyodo quoted a source in the Thai border town of Aranyaprathet as saying that an aide to the Khmer Rouge military chief, Ta Mok, had disclosed the death last week. But a former rebel military commander, Sok Pheap, speaking by telephone from Poipet, across the border from Aranyaprathet, said he had not heard that Mr. Khieu Samphan was dead.

"He may be politically dead, but he is still physically alive," the former rebel said. (AP)

India Stages Military Exercise

NEW DELHI — India conducted one of its biggest military exercises in a decade along its western seaboard on Tuesday, domestic news agencies said.

Press Trust of India said a force of 10,000 from the army, the air force and the navy took part in the maneuvers at an unidentified location on the western coast. "Exercises were scheduled," a Defense Ministry spokesman said. He refused to elaborate.

The news agency the exercise involved 28 ships including the country's only aircraft carrier and two submarines, as well fighter planes and tanks, in a mock assault on an island. (Reuters)

Filipino Rapist to Be Executed

MANILA — A judge ordered Tuesday that a convicted rapist be put to death in the first execution in the Philippines in 22 years, and the first by lethal injection.

The convicted man, Leo Echegaray, 38, was sentenced to death for raping his 10-year-old step-daughter several times. He was tried and found guilty in 1994.

The Philippines abolished the death penalty in 1987 but restored it in 1994 for such "heinous crimes" as rape, drug trafficking and murder. (Reuters)

Guilty Plea in China Hijacking

BEIJING — A Chinese woman, sent back from Taiwan after serving four years of a six-year jail sentence there for hijacking an airliner, pleaded guilty Tuesday to air piracy charges at a separate trial in China, a court official said.

The trial of the woman, Han Fengying, opened Tuesday at the Intermediate People's Court in Jinan, the capital of Shandong Province, said the official. The defendant, who hijacked a Chinese airliner to Taiwan in 1993, was repatriated in July 1997.

"She confessed to her crimes," the official said. "A lawyer will be appointed for her." Air piracy can be punished by death in China. (Reuters)

Nationalist Hindus Step Up Attacks on India's Christians

By Kenneth J. Cooper
Washington Post Service

NARODA, India — Long known for sporadic outbreaks of violence between Hindus and Muslims, India is experiencing a new wave of communal conflict: Hindus, who make up 82 percent of the country's 950 million people, are attacking Christians — a 2 percent minority — and their religious institutions.

In the seven months since the Bharatiya Janata Party, a Hindu-nationalist organization, formed its first enduring national government, church leaders have reported dozens of attacks on Christians in more than half of India's 25 states — mostly in the north and west, where the Christian population is smaller and Hindu nationalist sentiment stronger.

While the recent assaults have increased fear and insecurity among Christians, they have not been as incendiary — or as deadly — as the Hindu-Muslim riots of the past. In

which thousands died. No Christian has been killed in a communal attack reported this year, and no evidence of a religious motive has been found in the most inflammatory crime committed recently against Christians — the rape of four Roman Catholic nuns in central Madhya Pradesh state in September.

The attacks on Christians appear designed less to inflict bodily harm than to disrupt or shut church schools, health centers and development programs that have attracted converts from Hinduism's lower castes. Most Indian Christians are members of indigenous tribes or outcastes, formerly known as untouchables, who had hoped conversion would free them from the bottom of the traditional hierarchy.

Gujarat, a Bharatiya Janata Party-ruled state in the northwest and the birthplace and base of Mohandas K. Gandhi, the founding father of modern India who preached religious tolerance, has witnessed the most har-

assment of Christians. In that state alone, Christian leaders have counted about 40 attacks, including:

• In April, hundreds of Hindu nationalists wrecked a newly finished Catholic church in Naroda, a suburb of the state's largest city, Ahmedabad. The activists also leveled a small temporary chapel, tossing statues of the Virgin Mary and infant Jesus into the dusty road and raiding the church's offering box to buy ice cream to celebrate their deed.

• In June, a mob of Hindu men swarmed into a Presbyterian high school for girls in Rajkot, confiscating several hundred copies of the New Testament and torching them in a bonfire. The school's principal was briefly held hostage in her office to force her to pledge in writing not to conduct "any religious activities" at the predominantly Hindu school.

• In July, Hindu nationalist activists dug up a Methodist man's body in a Christian cemetery in Kapadvanj

and dumped it near his church. The dead man, a convert from one of Hinduism's lower castes, had used "Christian" as his last name.

"This is recent. This was not happening before — only here and there, not the kind of trend you see now," said Vincent Concessao, the Roman Catholic auxiliary bishop of New Delhi.

The Bharatiya Janata Party-led government has acknowledged an increase in anti-Christian attacks this year, although the official nationwide count is lower than that of church leaders, possibly because in some cases the local police have refused to accept criminal complaints from victims. Last month, the U.S. ambassador, Richard Celeste, expressed concern about the recent wave of communal violence when he met Home Minister L.K. Advani, who has promised an investigation.

The Bharatiya Janata Party has distanced itself from the violence, but its elected leaders have not con-

demned communal assaults often blamed on allied Hindu nationalist groups that constitute the party's hard-core support.

Christians on the Indian Subcontinent believe that their religion took root here almost 2,000 years ago when St. Thomas the Apostle evangelized in the south, some today to most of India's 23 million Christians. More recent missionaries, including American Baptists, have converted sizable majorities in three small states in the northeast. Overall, about 70 percent of the nation's Christians are Roman Catholic.

Hindu nationalists have accused "foreign missionaries" of forcing or bribing impoverished masses to convert in a bid for political power, a charge that resonates here because European missionaries did commit such abuses during the colonial era. Inconceivably, some Hindu nationalist leaders have warned that Christians could outnumber Hindus by early in the next century.

U.S. Rejects Accusation of Incitement

Kuala Lumpur's Charge 'Not at All' Justified, Security Aide Replies

By Brian Knowlton
International Herald Tribune

WASHINGTON — The United States sharply rejected Tuesday the suggestion by Malaysian officials that comments by Vice President Al Gore constituted U.S. meddling in Malaysian affairs or were intended to encourage popular rebellion.

Mr. Gore, in a speech Monday in Kuala Lumpur to a forum of Pacific Rim countries, spoke approvingly of calls for reform from "the brave people of Malaysia." He also referred to "people's power," the battle cry used by the Philippine protesters who took to the streets in 1986 until President Ferdinand Marcos fled the country.

Asked whether there was any ground to the Malaysian accusations of interference, P. J. Crowley, a spokesman for the U.S. National Security Council, said, "Not at all."

He also denied the reference to "people's power" indicated U.S. support for a popular uprising, saying it was meant to encourage the sort of democratic change that has occurred in South Korea, where a former dictator, Kim

Dae Jung, was elected president last year. "Korea," said Mr. Crowley, "has evolved into a very strong, very vibrant, functioning democracy, something ultimately in the region's interest."

He also said that there were no U.S. regrets about what Mr. Gore said or how he said it. The speech that Mr. Gore delivered before the Asia-Pacific Economic Cooperation forum had been written by National Security Council staff members for President Bill Clinton, who canceled his APEC appearance because of the Iraq crisis.

Mr. Gore's comments, Mr. Crowley said, were consistent with ongoing U.S. concerns about human rights in Malaysia, particularly the ouster and imprisonment of the deputy prime minister, Anwar Ibrahim.

Noting that Secretary of State Madeleine Albright had met with Mr. Anwar's wife in a show of support, he said, "We have had great concern about his personal safety and his ability to receive a fair trial and due process, and we have expressed this consistently to a government-to-government basis."

A core message of the Gore speech,

U.S. officials have said, is that democracies are better able to cope with economic crisis, and better able to provide decent living standards to their people, than are more authoritarian countries.

Mr. Gore's comments brought comparisons to President Clinton's trip to China earlier this year, when he condemned the massacre around Tiananmen Square, told students that their country could not attain prosperity and social stability without a greater embrace of individual freedoms, and engaged in an unexpectedly frank public exchange of views with President Jiang Zemin.

A U.S. official, who asked not to be named, noted that the Chinese took this discussion gracefully and entered into a debate that has been useful.

Mr. Gore's comments, on the other hand, were delivered with less diplomatic cushioning, and were received with defensiveness and hostility.

Mr. Crowley said the United States would continue to make its views clear. "We will continue to work with these countries to help them develop the kinds of societies we think are best for their people, and best for the region," he said.

GORE: Malaysia Accuses U.S. of Urging Government Overthrow

Continued from Page 1

that President Bill Clinton had endorsed the vice president's speech.

Some APEC leaders and Malaysian opposition figures said Tuesday they were worried that the strong U.S. advocacy of human rights could be counterproductive.

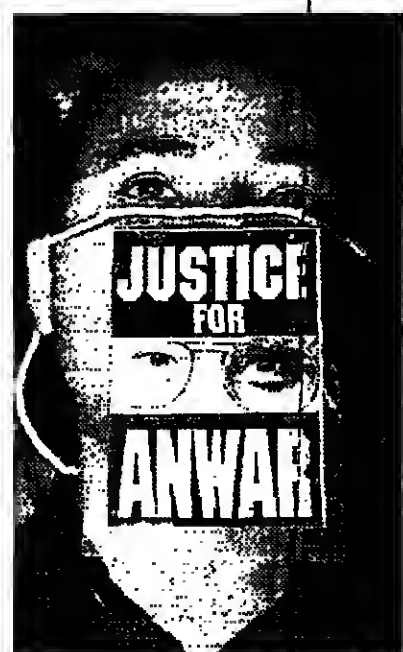
"Every society is different," said Prime Minister John Howard of Australia, "and you don't necessarily achieve a desirable outcome by constantly lecturing other nations."

Mr. Mahathir did not respond publicly on Tuesday to Mr. Gore's comments, but Japanese officials said he had told Prime Minister Keizo Obuchi of Japan in a private meeting that Malaysia "cannot accept moves to forcibly shake the elected government with mass movements or demonstrations."

Malaysian politicians, analysts and foreign diplomats said the Malaysian leader was likely to exploit Mr. Gore's speech to whip up nationalist sentiment.

"This plays into Mahathir's hand and will probably even strengthen him," said Syed Husin Ali, president of the opposition Parti Rakyat Malaysia.

Mr. Gore's remarks also were criticized by businessmen with close ties to the region. "The American business community who come to Kuala Lumpur to play a constructive role to Asia's economic problems are mortified to be associated even indirectly with the actions of the government," Kate Clements, spokeswoman for the U.S.-ASEAN Business Council in Kuala Lumpur, told Agency-France Presse.



A supporter of Anwar Ibrahim, one of several hundred who protested Tuesday in Kuala Lumpur.

Mr. Anwar, who is on trial on corruption and sodomy charges, was dismissed in September and then arrested after leading 30,000 protesters in Kuala Lumpur who called for an end to Mr. Mahathir's 17-year rule.

Mr. Anwar alleged that the government system in Malaysia was riddled with corruption and nepotism — two

ills, Mr. Gore said Monday, that could best be fought by democracy.

Mr. Anwar also asserted that he was a victim of a high-level government conspiracy to end his political career. He appeared in court with bruises on his face and neck, and alleged that he had been beaten by police after his arrest.

In a gesture of concern about the treatment of Mr. Anwar, the Australian foreign minister, Alexander Downer, met with Mr. Anwar's wife on Sunday, although Australian officials did not announce the meeting until Monday.

Two Canadian ministers met with her on Saturday. The U.S. secretary of state, Madeleine Albright, made a point of seeing her Sunday.

Indonesian and Thai leaders had earlier criticized the treatment of Mr. Anwar and said they hoped he would receive a fair trial.

Even as Mr. Numata, the Japanese government spokesman, said Tuesday that Tokyo eschewed "megaphone diplomacy," he disclosed that in the private meeting with Mr. Mahathir, Mr. Obuchi had expressed the hope that Mr. Anwar's trial — which was adjourned to avoid controversy during the APEC meetings — would be "conducted on the basis of law and justice."

A senior U.S. official said that despite apparent differences in approach, "what you're really seeing is region-wide concern at the bad behavior of the Malaysian government in terms of how it has treated one of the most respected figures in Asia."

"We make absolutely no apologies," the official said.



Exceptional character.

With a gold bracelet or leather strap, guilloché in 18 carat yellow or white gold, the Protocols watch is available with a mechanical or electronic movement. This timeless creation remains one of Piaget's greatest classics.

PIAGET
JOAILLIER EN HORLOGERIE DEPUIS 1874

PIAGET Boutiques: Geneva - Paris - Monaco - Barcelona - London - New York - Hong Kong - Singapore - Kuala Lumpur - Mumbai and at the best jewellers throughout the world.

EUROPE

Auditors Find Evidence Of 'Irregularities' in EU

Report Stops Short of Alleging Fraud in Budget

By Barry James
International Herald Tribune

BRUSSELS — The European Union's Court of Auditors reported widespread "irregularities" on Tuesday that cost taxpayers some \$5.9 billion, but found little direct evidence of fraud in the administration of the EU's \$96 billion budget last year.

In particular, it singled out EU aid to the Russian nuclear industry as an accounting black hole.

The court estimated that about 5 percent of the budget was mismanaged or improperly accounted for — only a slight improvement on the 5.3 percent rate reported in the two previous years.

The court's president, Bernhard Friedrichmann, told the European Parliament in Strasbourg that the EU was "losing vast amounts of revenue" because of inadequacies in the way that customs duties and value-added tax were collected.

The court's annual report described the decision-making of the European Commission, the EU's civil service, as "slow and formalistic." It criticized the commission's slow tender procedures, the lack of supervision of field projects and the hiring of outside contractors whose performance "is not always of adequate quality."

As an example, Mr. Friedrichmann said much of the money in the EU's \$1 billion program to help Russia and Eastern Europe make nuclear reactors safe had been wasted because the commission had used outside contractors "Western experts" — or in some cases up to 15 times too much.

In the case of the agency, he added, little more than one-third of the

budgeted money has been spent, and it was "not possible to judge whether there had been any actual progress in terms of nuclear safety."

"A constantly changing collection of the staff in the unit responsible for the program, insufficient tools for project administration and book-keeping, as well as a lack of rigor in the administration has made it impossible for the commission to follow up measures, deal with problems quickly or monitor the quality of services received from contractors," he added.

If the court found little evidence of fraud, Mr. Friedrichmann said, it was partly because its audit work had prevented crime, and partly because the court was not set up as a police force.

Any evidence of fraud is turned over to the commission's own investigating arm. But that body was inefficient, the court said in a recent report, because half its employees are on short-term contracts, its data bases have limited utility and its scope is confined to the Commission.

About 80 percent of the EU's spending goes to agricultural support and structural funds designed to help poorer areas. The administration of this money is largely left to member governments, which are accountable to the court. Most of the court's findings of irregularities referred to these payments.

Erkii Liikanen, the commissioner responsible for the budget, told the Parliament he regretted that the European Council, which represents the 15 member governments, had opposed a Commission proposal to penalize countries where shortcomings in management or inspection systems caused "systematic irregularities."



After complaining about the burdensome costume he has worn as the lord chancellor, Lord Irvine was granted the right to go without his tights and buckled shoes.

Lord's Plea: 1, 2, Unbuckle My Shoe

Britain's Divided Upper House Relaxes the Dress Code for Its Speaker

By Sarah Lyall
New York Times Service

LONDON — All Lord Irvine wanted was the right to change his pants.

He found the slim black breeches that went with his job as lord chancellor outdated and a little bit embarrassing, he said. Nor did he like the black stockings and buckled slippers that completed his official outfit in the House of Lords, making him look like a dark version of the frog footman in "Alice in Wonderland."

"I feel that for male adults of sound mind like myself — I hope I am — the days of breeches, tights and buckled shoes should go," he told a parliamentary committee recently.

But change comes slowly to the House of Lords, and Lord Irvine's modest plea generated an unusually impassioned debate there Monday, as peers from across the political spectrum discussed the semantics of fancy costumes, the unbearable heaviness of full-length wigs and the potential erosion of standards.

On the one side was Lord Irvine, a cabinet member, the nation's top judge and the speaker of the House of Lords, dressed in a 17th-century costume and sitting on the Woolsack, a big, square bench filled with British wool that is meant to represent the country's trading prosperity.

He argued on behalf of the Labour government's desire to modernize, to put an end to many of the archaic customs that sometimes make Britain seem like a quaint theme park.

On the other side were the men and women of the Conservative opposition, sitting on red leather benches in

business suits and dresses, arguing strenuously on behalf of tradition and formality.

"The office of lord chancellor is one of the highest in the land," said Earl Ferrers, a Conservative lord who led the offensive against Lord Irvine's sartorial proposal.

Speaking of the lord chancellor's outfit, he added, "It is a reminder to all of us, and members of the general public, of the stature, dignity and indeed the awe in which the office of lord chancellor is held."

At the end of the day, the vote was 145 to 115 in favor of letting Lord Irvine dress, if not completely normally, then at least semi-normally.

He will be allowed to jettison the half-pants, the stockings and the patent-leather slippers in favor of regular black trousers, socks and well-polished black shoes, the peers decreed, but when he is presiding over the Lords, he will still have to wear his long, heavy wig and his long, heavy robe.

Although he has complained bitterly about the wig — it "weighs an absolute ton and is very uncomfortable," he said last week — Lord Irvine graciously agreed to continue wearing it whenever he sits on the Woolsack.

But when he is sitting with the rest of his party during discussions of bills in which he is taking the lead, he will now be allowed to dispense with the costume altogether, and appear in a simple business suit.

Many of the peers who spoke Monday seemed exercised by the erosion of custom. With many of them facing enforced retirement soon — the government plans to remove the right of hereditary peers to sit and vote in the

Lords — they are extremely sensitive to anything that might chip away at the Lords' dignity and power.

Recently, the government decided to shorten the induction ceremony whereby new peers enter the House of Lords, an elaborate ritual that involves bowing on numerous occasions while dressed in a voluminous robe and floppy cap.

It has also pared down the trappings of the annual state opening of Parliament, another tradition-clogged ceremony, by, for instance, eliminating the role of someone known as the silver stick in waiting (Andrew Parker Bowles, former husband of Prince Charles's companion, Camilla Parker Bowles, once held that job).

In addition, the Lord Chancellor will no longer be required to walk backward down the steps away from the Queen; instead, he will be allowed to turn around and walk away normally.

It is such changes that particularly upset people like Baroness Young, who spoke against the proposal Monday.

"This is a very good example of salami-slicing," she said of Lord Irvine's proposal, meaning that as each slice is removed, the salami of tradition gets smaller and smaller until nothing is left.

"We've had this today — what will come tomorrow?" she added, speaking ominously of "dress-down Friday" and peers in jeans and T-shirts.

But Baroness Thornton, speaking in support of Lord Irvine, noted that many traditions were "accidents of history." Still, as much as he hated his outfit, she said, the lord chancellor should be relieved that he never had to wear a little tunic and a chain-mail shirt.

Study Clears Paris of Holding Housing Looted From Jews

The Associated Press

PARIS — Two years after the city of Paris was accused of holding real estate seized from Jewish owners during World War II, an investigation shows that there were only a handful of such seizures and that the owners or heirs were reimbursed, the mayor said Tuesday.

The report presented by Mayor Jean Tiberi was another effort by French officials to show that they are actively investigating wartime abuses by the collaborationist Vichy regime.

The Paris report ended two years' research that was overseen by a commission of historians, lawyers, archivists and representatives of the Jewish community.

The panel was looking into charges that hundreds of buildings and apartments — notably in the Marais, the historic Jewish quarter of Paris — might have been seized from Jewish owners by wartime French authorities and their heirs never compensated.

When the charges were made public in November 1996, largely due to the publication of a book, "Private Domain," by Brigitte Vital-Durand, Mr. Tiberi halted sales of any apartments that could be suspect.

But now, he said Tuesday, "it appears that the city possesses no property that one can say today was the result of uncompensated seizures from Jewish owners."

Researchers found that only 1.3 percent of

property acquired by the city during the war belonged to Jews. That can be explained by the fact that many Jews were poor and rented rather than owned apartments.

The commission president, Noel Chahid-Nourai, said at a news conference that his group had found "no systematic policy" but only "a few isolated cases" of uncompensated seizures from Jewish owners.

Specifically, the report says, out of 3,694 city acquisitions during the war, 49 were definitely from Jewish owners and only 7 cases are considered suspect.

The majority of Parisian Jews — about 25,000 — lived in the Marais at the time of the war. Only 5,000 Jews were left at the end.

Of the 75,000 Jews delivered to the Germans by French authorities, 2,500 returned after the war. Many families left no heirs.

■ **Hunt for Looted Art in Britain**

Holocaust researchers began a hunt in Britain on Tuesday for art treasures looted by the Germans during World War II. Reuters reported from London.

Lord Greville Janner of the Holocaust Educational Trust, issuing a research document on looted Nazi art that may have reached Britain, said he had won the agreement of state and private museums to make detailed checks on the provenance of paintings.

BRIEFLY

French Court Reduces Le Pen's Punishment

VERSAILLES — France — An appeals court upheld Tuesday the conviction of Jean-Marie Le Pen, a far-right leader, for assaulting a Socialist politician but reduced his punishment, banning him from politics for one year instead of two.

The court also upheld a three-month suspended sentence and ordered Mr. Le Pen to pay a fine reduced to 5,000 francs (\$892) from 20,000 francs.

The ruling means that Mr. Le Pen, 70, cannot hold office, run for office or vote for a year.

Mr. Le Pen was convicted in April of assaulting Annette Paulvigi-Bergeal, a Socialist opponent of his daughter in the race for Parliament, at an election rally in 1997. (AP)

Nestle Alerts Germans

FRANKFURT — Nestle, the Swiss food giant, said Tuesday that it was the target of an extortion attempt in Germany.

A company spokesman in Frankfurt said that Nestle products contaminated with small amounts of pesticide had been found in supermarkets across Germany recently.

A letter demanding an extortion payment arrived Monday, the spokesman said. The letter said that five contaminated products had been placed in supermarkets in southern Germany.

Suspect products have been cleared from shelves, the spokesman said, adding that consumers should be vigilant and check packaging carefully. (Reuters)

New French Newspaper

PARIS — A former Socialist speaker of the French Parliament, Henri Emmanuelli, inaugurated a daily, leftist-oriented newspaper Tuesday that he boasted was "politically incorrect."

Le Quotidien de la République, with a staff of about 50, was set up on an investment of 8 million francs (\$1.43 million). It needs to sell at least 30,000 copies daily to survive.

Although the budget included a loan of 3 million francs from the Socialist Party, Mr. Emmanuelli said the newspaper would not be a party mouthpiece. (Reuters)

British Court Sets Limit in Pinochet Case

Reuters

LONDON — A British court said Tuesday that the government must decide by Dec. 2 if it is to proceed with Spain's request to extradite General Augusto Pinochet of Chile.

But the decision by Home Secretary Jack Straw will be relevant only if the House of Lords overrules a ruling that General Pinochet is immune from prosecution for alleged offenses committed while he was head of state.

A panel of five Law Lords, who form the nation's highest court, could announce its decision this week, although no date has been set. If the Law Lords rule in General Pinochet's favor, then he will be allowed to go free.

But lawyers for the Spanish authorities want to press ahead with the extradition process in case the Law Lords rule in their favor.

A further hearing will be held Wednesday in England's High Court on the conditions of General Pinochet's bail in order to allow him to appear in court.

The High Court granted General Pinochet bail last month, but said he must remain under police guard in a London hospital — conditions that would not allow him to go to court.

General Pinochet has been under arrest since Oct. 16 on a Spanish request for extradition. A Spanish judge wants to charge him with genocide, torture and terrorism during his 17-year rule, which ended in 1990.

Alm Jones, a lawyer representing the Spanish government, said the 82-year-old general was "fit to be discharged from hospital."

Graham Parkinson, a British magistrate, said he wanted General Pinochet to be brought before him in court Nov. 27 and called for an update on his health if his lawyers argued that the general was still not fit enough to appear.

"Some people are more well known than others," the magistrate said. "But they should not be treated any differently in this court."

BREITLING
1884

MONTBRILLANT

History lives on

Originally named MONTBRILLANT in tribute to a sunny hillside above the Swiss Jura town of La Chaux-de-Fonds, where BREITLING produced its chronographs during the forties, this chronograph has now been enriched with the finest technological advances in modern micromechanical engineering.



Its movement, BREITLING caliber 41, is particularly effective during intensive use for short time measurements, thanks to its exclusive chronograph mechanism. Equipped with a calendar, it houses within a small space a range of sophisticated details usually seen only on larger instruments: self-winding mechanism with a 42-hour power reserve; high frequency balance (28,800 vibrations per hour); and 38 jewels, all representing significant factors in enhancing accuracy.



However, the MONTBRILLANT chronograph's most memory-laden feature is undoubtedly its slide rule or "cockpit computer" invented by BREITLING in 1952. Airline pilots soon came to appreciate its wide range of possibilities.



A VERY CHIC INSTRUMENT

Self-winding mechanical movement. Steel or 18K rose gold case. Water resistant to 30 meters (100 ft). Available on all types of BREITLING leather strap or NAVITIMER bracelet.

Readability first and foremost

Clareproofing on both sides of the extremely hard mineral glass guarantees excellent legibility in all kinds of light, of the hours, short times, slide rule, or its 1/100th of an hour central scale — another nod to its origins.



The race goes on

9 days, 17 hours and 55 minutes: In the course of its attempted non-stop round-the-world flight, the crew of the BREITLING ORBITER 2 has set the absolute duration record for a manned flight without refuelling.

BREITLING SA

P.O. Box 1132

SWITZERLAND - 2540 GRENCHEN

Tel.: 41 32 / 654 54 54 - Fax: 41 32 / 654 54 00

www.breitling.com

INSTRUMENTS FOR PROFESSIONALS™

دکتر امین الاسلامی

SPONSORED PAGE

SPONSORED PAGE

CÔTE D'AZUR: WHERE LIFE SCIENCES FLOURISH

INNOVATION BREEDS HIGH-TECH SUCCESS

Proximity to work, advanced research facilities and good schools attracts many to the South of France.

With its sun, sea, sand and mild climate, the Côte d'Azur could be described as a healthy place to live. But health has taken on a new meaning on the French Riviera, whose economy once relied almost exclusively on tourism.

Now, a number of high-tech businesses have chosen what was once seen as a playground of the rich and famous as the right place to do business. A high concentration of health-related industries are active in the area, forming what the French like to call a "pole," in this case a life-sciences pole.

This hub is made up of 240 companies working in biomedical sciences, pharmaceuticals (both laboratories and service companies), agronomy, cosmetology and aromachemistry. With annual net sales of 14 billion francs (\$2.48 billion), 47 percent of which is exported, the sector employs 8,600 workers. The companies are backed up by the University of Nice-Sophia Antipolis, whose medical school has 20 research labs and 10 clinical research labs, and the European Heart House, a training center for cardiologists and home of the European Society of Cardiology.

Many of the sector's companies have found a welcoming base at Sophia Antipolis, a technology park located between Nice and Cannes. Created in 1969, it is now home to 1,103 companies, over 100 of which are foreign.

"The Côte d'Azur as a whole and Sophia Antipolis in particular are a communications axis with a strategic location," says André Delhay, operations director of Elaiapharm. "It has no equal in Europe. It also serves as a counterweight to Paris — not everything happens in Paris."

Another 300 companies have found a home in Nice-l'Arénas, a business center near the airport and the Parc Phoenix botanical garden. Aromachemistry enterprises are based around Grasse, the traditional home of the French perfume industry.

Why have so many companies chosen the Côte d'Azur as a base for their activities? Almost universally, executives cite the quality of life in the area. This makes it easy to attract qualified employees who want to work there, as well as international business contacts who are more than happy to make the trip to the Côte d'Azur. And — it is a well-known fact — happy workers are better workers.

As Jean-Pascal Billot, vice president for research and development of Galderma R&D Sophia-Antipolis, a dermatological research center, says: "We have a quality of life that is not possible in Paris. Most of our employees find houses in the nearby countryside and have an easy commute of 15 minutes or so. To work well in the field of research, you need to have a free spirit. Our lifestyle here is compatible with innovation."

Preferred destination

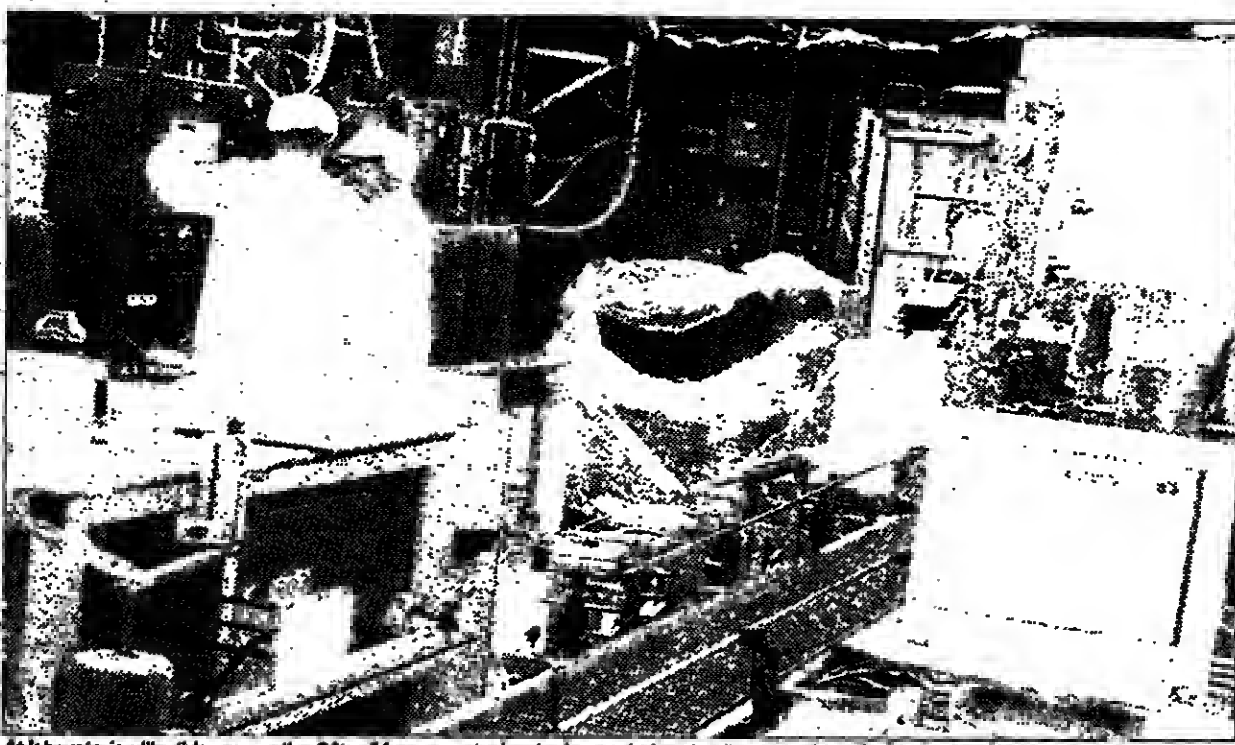
He also cites Nice's easy connections with Paris and the rest of the world through its international airport — an important factor for companies like Galderma that work on an international level. "People are thrilled to come here," says Mr. Billot.

The Nice-Côte d'Azur Airport, located just 18 kilometers (11 miles) from Sophia Antipolis, is France's second-largest. It has direct service to 85 cities in 27 countries, and handles 7.4 million passengers a year. There are 32 daily flights between Nice and Paris.

For Bart De Wever, director of business development for Nice-based SkinEthic, the beauty of the location is that "instead of traveling to see our customers, I can just invite them here."

Educated, skilled staff

Another advantage of the area is its pool of skilled workers. "We try to hire locally," says Mr. Billot, who cites the University of Nice as a source of many of its researchers. "We have no recruiting problems."



At laboratories like this one on the Côte d'Azur, new technologies are being developed and are finding international markets.

"The problem isn't in finding workers but in choosing among them," says Jacques Le Guilhem, chairman of NMT Neurosciences. He, too, thinks the pleasant lifestyle on the Côte d'Azur improves productivity. "The skilled workers on the Côte d'Azur work harder," he says. "They know their families are happy, and don't feel that they have to rush home." He also mentions the importance of the international schools in Nice, Sophia Antipolis and Mougins for attracting employees from abroad, and the great willingness of customers to come to the area for meetings.

Many of these skilled workers are the product of the area's universities. "We can find all the skills we need in the South of France," says Mr. Delhay of Elaiapharm.

From crops to cosmetics

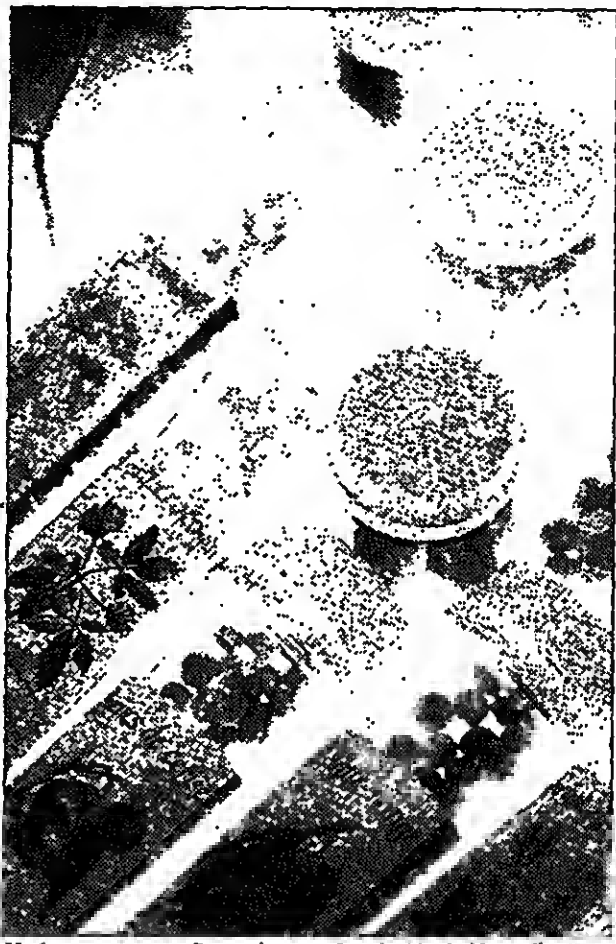
To facilitate contacts and cooperation between local companies working in the sector, the local Chamber of Commerce and Industry, in conjunction with the Local Council and the French government, has set up a life-sciences network.

"Our role is to bring together researchers and companies in the sector to encourage its development," says Anne Lichtenberger, the network's manager, who organizes seminars and other types of meetings for managers and financial and technical experts. As an example of a possible area of cooperation that makes use of the complementary skills of the Côte d'Azur's companies, she says that the region's world-renowned perfume sector might work with pharmaceutical companies in developing "taste-masking" ingredients for medicines. In addition, pharmaceutical labs could make molecules for use in the cosmetics industry. Biotechnology has applications in many fields, including agribusiness and cosmetics.

Record job level

In addition to the life-sciences network, other initiatives are being undertaken. The Club Hi-Tech was formed to encourage exchanges between the disparate actors in the sector, with its biotechnology subdivisions directed by Dominique Coll of Bionatec. On Dec. 15, it will launch an Internet site called the Guide Biotech (<http://guidebiotech.hitech-azur.asso.fr>) to provide information on the life-sciences companies, laboratories and institutions of higher education in the Alpes-Maritimes department and nearby Monaco.

To encourage business development in the area, Côte d'Azur Développement, the regional economic development and service agency for the French Riviera, was founded 15 years ago to help new companies with feasibility studies and financial assistance formalities. Last year, CAD reported a record year for employment, with 1,000 jobs either created or transferred to its territory.



Modern processes often make use of ancient herbal ingredients.

FRENCH PERFUME: THE NOSE KNOWS

The sweet smell of success sometimes emanates from less-than-pleasant odors. An example is the perfume industry in Grasse, which originated centuries ago as an antidote to the stench created by the area's tanneries. Now the Grasse region is home to half of France's aroma and perfume industry, and its 60 companies provide around 3,200 jobs. The Côte d'Azur accounts for 7 percent of perfume and aroma sales worldwide.

The microclimate of the area is especially suited to growing roses and jasmine. Today, France's finest perfume makers, such as Dior, Chanel and Guerlain, continue to use the perfume extracts produced around Grasse.

The main activity of the area's companies has traditionally been the production of alcohol-based perfumes, cosmetics and soap products, but the production of aromatic flavorings for the food industry has shown strong growth in the past 15 years. The first category now accounts for 45 percent of activity and food flavorings for 55 percent.

The science

The area's economic activity is based on five activities: production, creation of aromatic compositions, research, marketing and tourism. Raw materials are processed into essential oils, resins, absolutes and solutes.

For the creation of fragrances, the "noses" are put to work to blend the raw ingredients into perfumes, and aromachemists design flavorings for the food industries. Many companies have advanced research and development centers working on new base materials, cultivation techniques, processing methods and biotechnological techniques for in vitro reproduction of odoriferous constituents. Marketing includes sales, imports and distribution.

A tourism industry has grown up around the fragrance business, with perfume makers like Fragonard, Molinard and Galimard opening their facilities to the public. Tourists also visit the International Perfumery Museum in Grasse, and business travelers are attracted to professional meetings like the World Perfumery Congress, which took place in Grasse and Cannes in May 1998.

The Grasse region is home to half of France's aroma and perfume industry

PHARMACEUTICAL INDUSTRY ENJOYS FERTILE CULTURE

This fast-growing sector is finding congenial conditions on the high-tech Côte d'Azur.

The Côte d'Azur's dynamic pharmaceutical sector encompasses both laboratories and service companies, many of which have found important niches for themselves on domestic and international markets.

Galderma R&D, located in Sophia Antipolis since 1979 and the world's largest research center dedicated to dermatology, has a workforce of 300, three times its size in 1992. The parent company, Galderma, is jointly owned by L'Oréal and Nestlé.

With net sales in 1998 of 2 billion francs (\$354 million), the company is growing by 20 percent to 25 percent a year and reinvests its turnover in research.

"This kind of growth is very rare," says Jean-Pascal Billot, vice president for research and development. "Our goal is to be number one in the field."

One of the secrets of its success is Differin, a highly effective acne treatment based on adapalene, a retinoid synthesized by Galderma R&D's scientists in 1985. Galderma R&D also develops treatments for eczema, psoriasis and fungal infections.

Environmental conscience On the production side, Elaiapharm develops, manufactures, packages and distributes pharmaceutical products, including pills, chemicals, syrups, ointments and creams. Clients include Warner Lambert and Glaxo-Wellcome, the former owner of the company, which sold it to four of its managers, backed by a British capital risk society, in 1997. The new company, whose name integrates the Greek word for "olive tree," employs 185 people. "We kept 130 employees," explains André Delhay, operations director, "and created 50 new jobs for the development and marketing of products that didn't exist before."

Elaiapharm is preparing for ISO 14001 certification and places strict emphasis on environmental and quality control. "We think about more than just the business aspects of the company," says Mr. Delhay, who points out that Elaiapharm has already agreed to the 35-hour work week being promoted by the French government.

Sophia Antipolis-based research and development company NicOx was born of an American-style business initiative. When its founders, Piero del Soldato, Michel Garufi and Elizabeth Robinson, decided to create a start-up company, they found the venture capital they were looking for in France and set up their headquarters there, says Mr. Garufi, the company's chief executive officer.

NicOx, the market leader in the field of nitric oxide releasing therapeutics, grafts nitric oxide onto conventional drugs, such as aspirin, anti-inflammatory drugs or steroids, creating a new medicine that is more effective, better tolerated and has fewer side effects. The technique may have applications in the treatment of Alzheimer's disease, asthma and colon cancer, among others.

The importance of the company's work was confirmed this year, when a member of NicOx's scientific advisory board, Professor Louis J. Ignarro, was awarded the Nobel Prize in Physiology or Medicine along with two of his colleagues for their work on the role of nitric oxide in biological systems. NicOx's advisory board is made up of a number of prestigious international scientists. NicOx has development and licensing agreements with Bayer AG and Astra AB. The company plans to enter the new stock market in France next year, and possibly the U.S. NASDAQ in two years. Not bad for a company that "started over a pizza," as Mr. Garufi says.

All natural

Bionatec, based in Biot, makes all-natural "biogranules" containing plant extract and essential oil. Some of its products contain fennel, mint, black radish, rosemary and artichoke, activated with essential oil of fennel, preparations that are said to aid digestion. The originality of these products lies in the process used to make them, which was perfected by Bionatec. No gelatin, which is made from animal products, is used, and they contain nothing but their active ingredients.

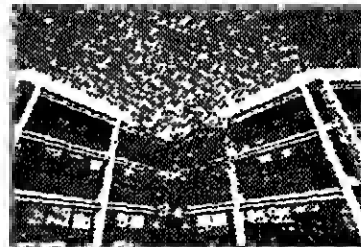
They can be swallowed, chewed or dissolved in the mouth or in water, and are sold in drugstores and health-food stores.

"We are studying the development of new products," says Director Dominique Coll, "such as vitamins for pets; food flavorings made from extracts of thyme or basil, for example; and water-soluble biogranules containing essential oils for the bath."

One step further

CLL Pharma is a rapidly growing Nice-based research and development company that currently has 27 employees. Its offices are located in the Arénas Business Center, next to the Nice-Côte d'Azur Airport. The company selects drugs that are in the public domain and develops them as generic medicines or improves them and patents them as a new product.

In the latter category, CLL Pharma might, for example, "reduce the active ingredi-



Indoors, something new under the sun.

ents in a medicine without diminishing its effectiveness so that it has fewer side effects," says General Manager René Gimet. Once a product has been approved for marketing by regulatory authorities, the marketing license is sold to a large laboratory such as Sanofi, Bayer or Merck. CLL Pharma has around 54 projects in development and plans to enter the new French stock market for start-ups this month. This year, CLL Pharma was awarded the Institut National de la Propriété Industrielle's innovation trophy.

Good practices

Hi-Pharmatch, also based in Sophia Antipolis, is the new technologies division of Prographarm Group of Paris. Hi-Pharmatch perfected the technology for "Flashbats," tablets that immediately melt in the mouth, releasing the active ingredient of the medicine, and whose coated multiparticles mask unpleasant flavors. U.S.-based Perrigo Co. has acquired exclusive rights to the Flashbat technology for pediatric 80 mg and 160 mg acetaminophen products from Prographarm. Iris Pharma in La Gode specializes in ocular pharmacology, conducting research for a number of international laboratories, most of them American.

Service provider CPCAD (Center for Applied Clinical Pharmacology in Dermatology) is associated with the Archet 2 hospital in Nice and conducts clinical tests of new dermatological treatments. "We contract with industrial clients who can benefit from our experience in research and practice in a university-hospital environment while guaranteeing good laboratory practices," says Jean-Paul Ortonne, scientific director of CPCAD.

HELPING SHAPE THE FUTURE OF MEDICINE

Health is both an art and a science in this region, where young companies are breaking new ground.

The Côte d'Azur's biomedical science companies have a talent for innovation, and they are marketing their precision products around the world.

Focus Imaging S.A. is a medical imaging company with operations in Sophia Antipolis and San Francisco. The company has created a revolutionary three-dimensional computer software called CardioMatch, which analyzes images for the diagnosis and monitoring of coronary artery disease. A doctor can look at color images of a patient's heart on screen and compare them to a reference image to make a diagnosis. The images can be sent through the Internet or transmitted anywhere in the world for consultation — a great advantage when a specialist is not on hand.

The technique minimizes invasive diagnostic procedures, reduces by more than half the number of false positives, identifies low-risk patients who can be treated without surgery and reduces the number of patients admitted to cardiac units by error. Eventually, the technology could be applied to areas such as neurology or oncology.

Focus was founded in 1992 and opened its research facility in Sophia Antipolis in 1997 to take advantage of the advanced technology and engineers in France," according to Michael Aufreit,

product marketing manager for Europe.

NMT Neurosciences — formerly Cordis, then Elekta — of Sophia-Antipolis was purchased this year by Nitinol Medical Technologies, Inc., based in Boston, Mass. The company makes equipment for neurosurgery and cardiology. These include valves used in the treatment of hydrocephalus and systems for the delivery of drugs and chemotherapy to targeted areas of the body to reduce potential side effects. "We are plumbers of the brain and electricians of the heart," says Jacques Le Guilhem, chairman of NMT. The company has 160 employees in Sophia-Antipolis and exports 90 percent of its products.

One of the Côte d'Azur's success stories, SkinEthic, began in the apartment of scientist Martin Rosdy's mother, where he worked on growing cultures of reconstituted human skin and succeeded in creating a product that is invaluable for companies that need to test their products on human epidermis and epithelia. SkinEthic manufactures the human tissues semi-automatically and ships them to laboratories worldwide, exclusively for in vitro testing. Unlike existing tissue culture techniques based on the use of mixed nutrient additives such as calf serum, SkinEthic's reconstituted skin is produced in fully controlled conditions.

"It's living human tissue," says Bart De Wever, director of business development, "and we can produce it in massive quantities, with each tissue reacting just like human skin." This innovative technique has potential for replacing animal testing of pharmaceutical and cosmetic products.

SkinEthic's net sales have doubled every year for the past three years, reaching 5 million francs (\$885,473) in 1998, 40 percent of which is reinvested in research. Its clients are major pharmaceutical, cosmetic and consumer product companies like Johnson & Johnson, Unilever, Lancaster, Clarins and Novartis. SkinEthic has only six employees, one of whom does all the manufacturing.

Good CARMA

These companies have access to the services of the Centre d'Animation Régional en Matériaux Avancés, which has 30 member companies in the Provence-Alpes-Côte d'Azur region.

"We assist in the development process, taking advantage of the equipment, staff and facilities of local engineering schools and university laboratories," says Jean-Claude Giannotta, director of CARMA. "We also do feasibility studies right up to the point of creating a prototype. We can also test the quality of a product or do studies on

specific problems. For example, if a process creates too much waste, we can give advice on solutions."

CARMA also helps companies ensure that their products and processes conform to the appropriate standards and regulations.

The companies mentioned above are just a few of those active in biomedical sciences in the region. Novatec, located in Grasse, is a world leader in its field of silicone tracheobronchial prostheses, with 70 percent of the world market. Dow Corning, a joint venture between Dow Chemical and Corning Glass, employs 60 workers at its European Healthcare Center in Sophia-Antipolis, which is dedicated primarily to research and the marketing of silicone-based products and technologies for the health-care industry.

CERDIC, the European Center for Research and Development in Scientific Information and Communications, specializes in database management, including that of the European Cell Cultures Collection. MNM makes "biocompatible" prostheses, such as its "bionic ear," an electronic organ for the inner ear that helps the hearing-impaired perceive and understand sounds. It also makes intra-ocular lenses for cataract patients.

The U.S. company Summit Medical Systems has its European base in Sophia Antipolis, where it adapts, develops and markets software for specialized medicine. Hydron, also in Sophia Antipolis, distributes contact lenses made by its parent company in England.

"CÔTE D'AZUR: WHERE LIFE SCIENCES FLOURISH" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by Côte d'Azur Développement. Writer: Heidi Ellison, based in Paris and reporting from Nice. PROGRAM MANAGER: Bill Mahler.

INTERNATIONAL

Victims of Kenya Bombing Line Up for 'Sorry' Money

The Associated Press

NAIROBI — They came, many of them soaked in a downpour, on crutches, tapping white canes and leaning on friends' shoulders.

After a 13-week wait, dozens of Kenyans received compensation Tuesday for injuries they suffered in the terrorist bombing of the U.S. Embassy in Kenya.

No one — not the victims, nor the officials handing out the checks — pretended it was enough.

"This money today is just enough to say, 'Sorry,'" said Susan Mutungi of the Kenya Red Cross Society.

Pius Maina, whose eyes were gouged out by flying glass, agreed. In his hand was a rain-speckled check he could not see for 300,000 Kenyan shillings (\$5,000), more money than the 64-year-old ever had before.

"This is too little, in fact," Mr. Maina said. "But it can help."

He has given up farming because he can no longer tend his crops, and plans to use his money to build small rental houses on his property. He still has two children to put through school, feed and clothe.

"I have a lot of difficulties," said Mr. Maina, who was in a bus outside the embassy when the bomb went off.

He was one of 49 people who crouched beneath dripping trees and slid

through mud in Uhuru Park in central Nairobi to collect checks from 242 million shillings in donations to the National Disaster Emergency Fund Committee.

The panel of businessmen, social workers and government officials is reviewing 2,514 compensation claims ranging from 300,000 shillings for those who were blinded or lost limbs, to 30,000 shillings for those who were badly cut and bruised.

A total of 213 people were killed Aug. 7, including a dozen Americans, and more than 5,400 people were injured, mostly passersby cut by flying glass. A near-simultaneous attack on the U.S. Embassy in neighboring Tanzania killed 11 people, all Africans.

So far, the committee has paid 194 death claims. Originally, families received 150,000 shillings each for compensation and burials. That figure will be supplemented to 400,000 shillings, said Robert Shaw, a fund spokesman.

In addition to a check for 300,000 shillings, the committee had a special gift on Tuesday for Catherine Bwire — baby clothes for her daughter, Jean Bwire, who was born 11 weeks after her 25-year-old mother was blinded in the blast.

Some of the most seriously injured were unable to leave hospitals to collect their checks.



Catherine Bwire, who was blinded in the Nairobi blast, using pins to learn Braille at a Kenyan institute.

Samuel Njeoga said his wife of 16 years, Teresa Karanja, was lying paralyzed from the waist down in a hospital bed. On her behalf, he accepted top benefits, 300,000 shillings, just a third of the amount needed to send the computer technician and mother of four to South Africa for two months of rehabilitation.

"Even if I started shouting in anger, it wouldn't do any good," Mr. Njeoga said. "You just have to accept the situation, and keep on trying."

Rights Commission in South Africa Plans Inquiry on Racism in the Press

By Suzanne Daley
New York Times Service

JOHANNESBURG — Sending a shiver through many of South Africa's newsrooms, the country's Human Rights Commission has decided to open an investigation into racism in the press and has said it would use its powers of subpoena and arrest if need be.

The chairman of the commission, Barney Pitso, said he hoped that the inquiry would "generate debate and dialogue" among South Africans about the nature, meaning and incidence of racism in South Africa.

"Racism is endemic in South African society," Mr. Pitso said. "There is no reason to believe that the media are somehow insulated."

But some editors warned that the inquiry was a carefully timed attempt to keep news organizations from criticizing President Nelson Mandela's government on the eve of national elections next year.

Mr. Mandela and his deputy and likely successor, Thabo Mbeki, have repeatedly complained about the press, saying that the government's accomplishments get little attention while the country's problems are the subject of every headline.

Indeed, the tension between the gov-

ernment and news organizations has often been severe. In a key speech last year, Mr. Mandela lashed out, saying the press exploited "the dominant position it achieved as a result of the apartheid system, to campaign against both real change and the real agent of change, as represented by our movement."

Some journalists said the commission's investigation was meant to harass those who covered news that put the government in a bad light.

"What this is, is a kind of racial McCarthyism," said Philip van Niekirk, editor of the weekly Mail and Guardian, which has often written about corruption in government. "They are putting the media on the defensive just as the election campaign gets under way."

The commission said it began looking at the issue because of a request made by the Black Lawyers Association and the Association of Black Accountants for bias inquiries into two papers, including The Mail and Guardian.

The groups pointed out that The Mail and Guardian had written 14 times about allegedly corrupt blacks but only four times about whites.

The commission then said it had decided that the issue of journalistic racism was not confined to just two newspapers.

Mr. Pitso dismissed any suggestion that the commission was acting in the government's interest. He said he believed news organizations would benefit from closer scrutiny so they could "sharpen their capacity to be responsive to the needs of the people and reflect the true nature of South African society."

Under apartheid all of the large news organizations were white-owned, but in recent years, with the breakup of South Africa's huge corporations, blacks have been able to buy large stakes in the press. The racial composition in newsrooms has been gradually changing, but most of the editors of large newspapers are white. Still, the outlets that reach the most South Africans are the government-owned radio and television stations.

Mr. Pitso said the commissioners would study the issue and announce the details in January. But exactly how they intend to conduct the inquiry is unclear. He said he did not know whether they would examine racism in all aspects of the business, to include hiring practices, for example, as well as editorial content.

Mr. Pitso said he hoped his group would be able to do its work with journalists' cooperation. The commission, while it can compel witnesses to testify, does not have the power to punish, but can make recommendations to Parliament.

Jacques Medecin, Ex-Mayor, Dies

Reuters

PARIS — Jacques Medecin, 70, known as "King Jacques" during his 24-year reign as mayor of Nice died in Uruguay on Tuesday, hospital sources said. He never recovered consciousness after a heart attack on Sunday.

Mr. Medecin, who left France after serving a jail sentence for corruption, had governed Nice like a hereditary fiefdom before his conviction. He succeeded his father, who had been mayor of Nice for 38 years.

Mr. Medecin had been living in Punta del Este with his Uruguayan wife after being released from jail two years ago. He had been sentenced to serve three and a half years.

The rightist politician fled to Uruguay in 1990 and was extradited back to France in 1994. He was convicted of taking 4 million francs (\$800,000) in bribes from a road-sign company in exchange for public works contracts in the 1980s, and of swindling the Nice opera company.

"He will be missed," said the far-right politician Jean-Marie Le Pen, adding, "He was no more guilty than others."

Laurence Gandar, 82, South African Editor

JOHANNESBURG (NYT) — Laurence Owen Vine Gandar, 82, the South African newspaper editor credited with bringing investigative journalism to a country that desperately needed it, died Saturday in Pietermaritzburg. He had been suffering from Parkinson's disease.

As editor and editor-in-chief of The Rand Daily Mail from 1957 to 1969, Mr. Gandar was the first to turn a major South African newspaper into an instrument for crusading for human rights rather than a tool for selling advertising.

Doing so eventually cost him his job at the Johannesburg paper, after he oversaw a powerful series of articles, beginning in 1965, about appalling conditions for blacks in South African prisons.

Mr. Gandar was also the first editor to make a subtle change in his pages that infuriated thousands of white readers. He stopped referring to blacks as "natives" and instead called them "Africans."

Jean Dalrymple, 96, Publicist and Stage Producer

NEW YORK (NYT) — Jean Dalrymple, 96, who abandoned a nascent acting career to become a successful publicist, manager of concert artists and finally a dynamic producer of musicals and plays for City Center and other stages, died Sunday in Manhattan.

Miss Dalrymple's stature in the New York theater world was enhanced by her uncanny ability to lure just the right actor for a particular role at a price that City Center, with its limited budget, could afford. Her skillful productions nourished and entertained audiences there from the 1940s through the 1960s.

Among the center's offerings during her tenure as director of its theater and light opera companies were plays by Shakespeare and Shaw, Sartre and Tennessee Williams.

BRIEFLY

Israel Rejects Pollard's Plea

JERUSALEM — Jonathan Pollard, an American spy serving a life term in the United States for spying for Israel, lost a bid in an Israeli court on Tuesday to block the release of Palestinian prisoners until he is freed.

In a petition to Israel's High Court of Justice, Mr. Pollard said that President Bill Clinton promised during the U.S.-mediated Middle East peace negotiations in October to free him in exchange for Israel's release of hundreds of Palestinians. Mr. Clinton denies promising Mr. Pollard's release but pledged to review his case.

A spokesman for the court said it accepted the Israeli government's argument that no such commitment, on the sidelines of the Israeli-Palestinian peace accord reached at the summit meeting, had been given. (Reuters)

Attackers Kill 8 in Algeria

ALGIERS — Armed men massacred eight people and wounded 10 others in an overnight attack south of Algiers, authorities said Tuesday. The attackers slit the throats of most of the victims and burned their bodies, according to hospital workers.

The attack took place about 150 kilometers (about 90 miles) south of Algiers near Ain Defla, authorities said in a brief statement on state radio. There was no claim of responsibility and no further details were provided.

The attack occurred less than five weeks before the start of the Muslim holy month of Ramadan, which has been marked by a surge in violence in Algeria since 1992. (AP)

Mine-Clearing in Nicaragua

MANAGUA — Peasants without any training are being used to disarm land mines planted in Nicaragua during the civil war of the 1980s, an Organization of American States official said.

Large property owners are hiring peasants for little money to clear mines so land can be used for farming. Sergio Camagna, the OAS representative to Nicaragua, told the organization's secretary-general, Cesar Gaviria, that about 90,000 land mines remain despite efforts by the Nicaraguan Army to remove them. Flooding caused by the hurricane designated Mitch has also caused some buried mines to surface. (AP)

DYING TO TELL THE STORY

What drives journalists to put their lives on the line?
A special two hour documentary on CNN International.

Dying To Tell The Story centres on the life and death of Dan Eldon, a 22-year-old Reuters photographer who, along with three other journalists, was stoned to death in Somalia in 1993.

His sister Amy takes a journey back to Somalia to understand the reasons for her brother's death and to learn why other journalists choose such dangerous assignments. The programme features interviews with frontline journalists including Christiane Amanpour and Martin Bell as well as photo-journalists Mohammad Shaffi and Carlos Mavroleon.

Dying To Tell The Story will be broadcast on CNN International on Friday December 4th at 22.00 CET and again on Sunday December 6th at 20.00 CET.



AVAILABLE ON CABLE AND SATELLITE

INTERNATIONAL

Back in Iraq, UN Inspectors Are Met With Familiar Taunts in Press

By Douglas Jehl
New York Times Service

AMMAN, Jordan — As United Nations weapons inspectors prepared to resume their work in Iraq, they were greeted with fresh denunciations in the official Iraqi press on Tuesday, despite Baghdad's new pledge to demonstrate full cooperation.

The criticism revealed no real change in tone toward inspectors, whom Iraq has long labeled as spies and spies. It may have been intended primarily for domestic consumption, but it also showed that Iraq was hardly ready to roll out a welcome mat.

The last time Iraq permitted UN inspectors to conduct anything more than monitoring operations was in early August, more than 100 days ago. More than 80 of the inspectors returned to Baghdad on Tuesday morning after they pulled out last week to await the outcome of the impasse. They expressed hope that Iraq would indeed make good on its promise to allow them to conduct unfettered work.

For now, however, the clearest clue about the Iraqi attitude may have been the Iraqi newspaper, headlined that taunted the chief weapons inspector, Richard Butler, as a "mad dog."

As the inspectors arrived on a UN C-130 plane on a flight from Bahrain to an air base outside the Iraqi capital, a UN spokeswoman, Caroline Cross, offered a forecast that was carefully guarded.

"We're looking forward to a professional and productive relationship with the Iraqi authorities over the next few days," Ms. Cross said, "and, you know, time will tell."

The UN inspectors were not scheduled to resume work until Wednesday morning. But UN officials say it will almost certainly be several days before they might be willing to undertake the kinds of intrusive inspections that have aroused Iraqi ire in the past, and which Baghdad had banned on Aug. 5.



Left, weapons inspectors from Unscm arriving Tuesday at the United Nations headquarters in Baghdad upon their return to Iraq. Above, Jordanian truck drivers waiting to cross the Iraqi border at Ruweishid.

Ms. Cross said the inspectors hoped to return to the field "as soon as possible."

But she said that their more pressing priorities would be to test communication equipment and otherwise to reestablish the infrastructure they abandoned after Iraq's decision on Oct. 31 to cut off cooperation altogether.

But with American and British armed forces still poised to strike at Iraq if its officials block inspections again, the inspectors' return brought with it an air of some renewed tension.

Doubts Over Compliance

Barbara Crossette and Steven Er-

langer of The New York Times reported earlier.

The United States, its allies and past defenders of Iraq say that they do not expect President Saddam Hussein to cooperate with UN weapons inspectors, and that if he breaks his promise it will set off a military response without a Security Council debate.

Although President Bill Clinton stayed his hand over the weekend, in part because of his concern about losing international support for an attack on Iraq, there was an unusually strong consensus Monday that American and British bombing was almost inevitable.

American and UN officials, along

with diplomats from a variety of countries, including some that have been sympathetic to Iraqi arguments in the past, said the respite was temporary. The situation is markedly different from past crises, the officials said, with Mr. Saddam having no further room for maneuver in the Security Council.

Most officials said they expected the real test of Mr. Saddam's willingness to comply to come in the next two or three weeks. They said that would occur as soon as the chief inspector, Mr. Butler, can assemble the experts he needs to conduct surprise inspections at the sorts of sites from which Mr. Saddam has been barring the UN specialists.

"We're setting off into some pretty important territory," Mr. Butler said in an interview in New York. "It is well understood by all concerned that this is not ephemeral. This is real. This is serious."

American and British forces are standing by, in new locations within striking distance of Iraq, and could be sent to combat in hours, U.S. officials said in Washington.

"The world is watching Saddam Hussein to see if he follows the words he uttered with deeds," Mr. Clinton said in brief remarks Monday. "Our forces remain strong and ready if he does not."

Mr. Saddam could "comply and give up his weapons of mass destruction," a

senior U.S. official said Monday. But he called that possibility "highly unlikely."

"It's more probable he will not comply and there will be a confrontation," the official continued. "But it will be under circumstances of our choosing. There's no question in my mind that when we act we will do so in such a way that it will be sustainable internationally and domestically."

Mr. Saddam averted a U.S. attack over the weekend by promising once again to cooperate fully with the United Nations Special Commission, known as Unscm, and the International Atomic Energy Agency to let them inspect whatever sites they choose and to hand over crucial documents on Iraq's secret biological and chemical weapons.

Mr. Butler said he expected to restart the comprehensive monitoring of Iraqi sites on Wednesday, with inspectors taking air, water and soil samples and repositioning and checking cameras.

Challenge inspections, in which experts armed with clues demand entry to new sites to check for prohibited arms, components or documents, will follow as soon as Mr. Butler can assemble international teams of specialists.

Mr. Butler said he hoped to concentrate initially on missile systems, where only a few issues remain to be settled, and on chemical weapons.

More is known about Iraq's chemical weapons program than, for example, its biological weapons. American and UN officials said that Unscm, in particular, wants two documents — one on chemical weapons development, found last summer but seized by the Iraqis, and one on biological weapons, which Unscm officials know about but have never seen.

The International Atomic Energy Agency will also send additional inspectors to Iraq, perhaps this week.

The inspectors of Unscm now have more support from the Security Council than they have had in nearly two years, another senior U.S. official said.

Arafat Retracts Warning, Satisfying Netanyahu

Land-for-Security Deal Appears Back on Track

Compiled in Our Staff From Dispatches

JERUSALEM — The Israeli-Palestinian peace deal appeared to be back on track Tuesday after Yasser Arafat, the Palestinian president, met Israel's demand to retract warnings over possible renewed armed struggle.

He said he reiterated "that any problems concerning final-status negotiations will be resolved through amicable and peaceful ways and through negotiations, but not through any other means."

"We will continue to cooperate to confront any violence and the use of force," he said in remarks that Palestinian officials said had been coordinated with Israel.

Prime Minister Benjamin Netanyahu, who had threatened to delay a West Bank land handover scheduled this week, called the statement a positive step.

"I certainly view in a positive light the statements made by Chairman Arafat," Mr. Netanyahu said in Israel's Parliament, which was expected to ratify the Wye River land-for-security plan later Tuesday.

He said he welcomed Mr. Arafat's commitments to reach a permanent peace agreement with Israel through peaceful means alone, his rejection of violence and his pledge to "cooperate against violence and terror."

Israel postponed from Wednesday to Thursday a cabinet meeting called to approve the first stage of the pullback, saying that it wanted to see if Palestinians had lived up to other obligations under the accord.

A statement from the prime minister's office said that Israel wanted assurances that the Palestinians had published a decree against anti-Israeli incitement and against possession of illegal weapons.

But a top PLO official said that details of the redeployment had been finalized. "The Israeli government is going to implement the first stage of the further redeployment on Friday," said the official, who declined to be identified.

In a sign that indicated the agreement was moving ahead, the public security minister, Avigdor Kahalani, said he would order the release of the first group of Palestinian prisoners "in the coming days" in keeping with the accord. A PLO official said 250 Palestinians would be released in the first stage.

In a radio address to Palestinians on Sunday, Mr. Arafat said "our guns are ready" if anyone tried to hinder Palestinian rights in Jerusalem.

The future of Jerusalem, one of the most emotional and contentious issues facing Israel and the Palestinians, is to be decided in so-called final-status talks. Under the Wye accord, Israel is to give a further 13 percent of the West Bank to the Palestinians over the next several weeks in return for security guarantees and political moves.

The armed forces' chief of staff, Major General Shaul Mofaz, said that most of the land changing hands would be in the northern West Bank, around the Palestinian town of Jenin.

The United States, which is trying to keep the accord on track, criticized Mr. Arafat's earlier remarks and said it would be in touch with the Palestinian leader to make its position known.

But Washington also told Israel that it was obliged to carry out the deal and upbraid Foreign Minister Ariel Sharon for urging Jewish settlers to grab land in the West Bank.

In the West Bank, the army began fortifying settlements that will abut

Palestinian areas after the handover. The crisis over the remarks made by Mr. Arafat during the weekend was the latest flare-up to plague the U.S.-brokered land-for-peace accord signed last month in Washington.

Mr. Arafat also threatened to declare Palestinian statehood in May.

A Palestinian negotiator, Sabir Erekat, said that the Palestinians have met all their commitments so far, such as resuming security cooperation with Israel. Later this week, the Palestinians plan to announce the legal framework for confiscating illegal weapons and on Nov. 23, a committee reviewing cases of incitement will meet for the first time, Mr. Erekat said.

According to the peace accord, the Palestine National Council is expected to address those sections of the Palestinian charter that call for Israel's destruction when it convenes in Gaza in December. (Reuters, AP)

IRAQ: Blair Says Britain Has Evidence of Growing Opposition to Saddam in Baghdad

Continued from Page 1

mons that Britain would join the American effort to strengthen coup-prone Iraqi dissident groups, a move that represented a shift in British policy from one of containing Mr. Saddam to one of removing him.

Mr. Blair said Tuesday that he fully supported the decision to call off the air strikes Saturday, and he discounted the view that the events of the weekend left Mr. Saddam more powerful than ever. Mr. Blair had given the go-ahead for British Tornado fighter-bombers to join American aircraft and cruise missiles before the strikes were called off after the Iraqi leader sent word to the United Nations that he was prepared to resume cooperation with weapons inspectors.

"A lot of people, including some heads of government, think that Saddam Hussein wanted us to strike, that it would boost his position enormously, that he was really encouraged by the possibility

and that we were playing into his hands if we struck," Mr. Blair said. "I didn't buy any of it," he said. "What the weekend proved is that the thesis is complete nonsense. This is a dictator who, when he saw we really were prepared to take action, completely crumpled. Now no one can seriously think in terms of the stream of clarifications, written and oral, that they were giving that they were anything other than pretty desperate not to be attacked."

Mr. Blair pointed to what he called another "lesson for the future" drawn from the experience. "There were people, even on our own side, who were asking, 'Do you really intend to carry this thing through?'" he said. "Well, I don't think there can be any doubt about that anymore. We were literally minutes away from the attack

'Nobody relies on Saddam Hussein's good faith...'

any. It doesn't follow from that, however, that now that he knows — and I think he must surely understand and believe that we will take action — that he will not come back into compliance."

Asked about accusations that France might have tipped off Mr. Saddam to the timing of the attacks, Mr. Blair said: "The thought is there on paper, so obviously I have read it. I simply don't know if that is the case, and I hope it's not the case."

ITALY: D'Alema Faces Pressure Over Kurd

Continued from Page 1

Denizkurdu, said his country would soon move to formally abolish capital punishment, which has not been applied since 1984.

There is considerable sympathy for the Kurdish separatist movement in Italy, which over the past two years has seen a dramatic increase of Kurdish refugees wash up on its Adriatic shores. So far this year, Italy has granted political asylum to more than 500 Kurdish refugees. Communist and Green members of the Italian Parliament have twice invited Kurdish parliamentarians-in-exile to meet with them in Rome.

Mr. Ocalan, who was expelled from Syria in October and unsuccessfully sought asylum in Russia before flying to Rome, seems to have felt he had a better chance of a welcome in Italy than most other European countries.

The U.S. State Department on Tuesday made clear it did not want Italy to open its arms to Mr. Ocalan. "The United States believes he is a terrorist," a statement drafted in Washington said. "In our view, he should be denied asylum."

Human-rights organizations, which have often denounced the oppression of

Kurds by Turkish troops, have also criticized Mr. Ocalan and the Kurdistan Workers Party for killing civilians. Mr. Ocalan, who has in the last few years sought to legitimize his organization, has called unilateral cease-fires against Turkish troops on three different occasions. The Turkish government has refused all such overtures.

Germany, which issued a warrant for Mr. Ocalan's arrest in 1990 on charges of murder, has not yet requested extradition.

Although such a step by Germany would help Mr. D'Alema wriggle out of his quandary, Germany's new Social Democratic prime minister, Gerhard Schröder, is unlikely to make a move that would increase tensions with Turkey — and among the millions of Turks and Kurdish refugees in Germany.

Suicide Bombing Wounds 6

A Kurdish guerrilla killed himself and wounded six people in a suicide bomb attack outside a police station in southern Turkey on Tuesday. Reuters reported from Ankara.

"A woman terrorist set off a bomb strapped to her body as she was crossing the road outside the gendarmerie headquarters around 9 A.M.," said Ta-



Prime Minister D'Alema listening to a debate Tuesday in Parliament.

ceitin Ozeren, governor of Yuksekova town where the attack took place.

Mr. Ozeren said the explosion wounded four noncommissioned officers and two passers-by. "A 13-year-old boy and one of our officers are in a serious condition," he said.

Mexico City Finds Crime Marches On, And Faster

By Julia Preston
New York Times Service

MEXICO CITY — At the beginning of this month, the Mexico City government turned over control of the police to civilian officials and announced a war on crime. Since then, the Mexico City police chief has announced with great annoyance, the rate of violent crime has soared 25 percent.

The reason? The capital's gang chiefs are waging a war of their own to show who is in charge.

"The people who control crime in this city sent out their flunkies to increase the crime rate in a brutal way, to signal that they are not willing to accept any systematic control over their activities," the chief, Alejandro Gertz Manero, said at a hastily summoned news conference.

He spoke with the urgency of a field commander summoning the citizenry to arms.

"Organized thugs and their likely accomplices inside our force have declared war on this society," said Mr. Gertz, a former university rector who took over the police force two months ago.

"I told every one of our commanders that the criminals' challenge is intolerable. We cannot put up with it one minute more."

He said he told the 54 city precinct commanders that he expected a clear decline in crime in coming weeks and would fire any one of them who fails to meet this goal.

Mexico City residents are already so beleaguered by rampant muggings, break-ins and car thefts that they hardly noticed the sharp increase in these crimes last week.

But police figures from Nov. 5 to 11 showed that 2,962 violent crimes were reported in the city, up one-quarter from the week before.

In one case, a woman was mugged and beaten at the main entrance to city police headquarters.

This month, Mr. Gertz enacted reforms more radical than any tried before. He gave control of the police to civilian officials who head the city's 16 boroughs. For the first time, Mr. Gertz forced all officers to punch time clocks.

He fired 16 chiefs in high-crime precincts and established local civilian review boards and citizen hot lines to monitor police conduct.

He also imposed competitive bidding for all contracts to supply uniforms, motorcycles, helicopters and spotlights.

Civilian officials said they believe the combined program brought tight new monitoring of officers' movements and cut deeply into criminal bosses' ability to command local police squads.

Also on Monday, Interior Minister Francisco Labastida announced the establishment of a 10,000-troop national police force to take the place of the "federates," the catch-all word in Spanish for the federal highway, immigration and customs police.

Members of the old federal police will be subjected to drug and psychological tests as well as a criminal background check, and only those who pass will be admitted to the new force, he announced.

Calling the current federal police "absolutely insufficient," Mr. Labastida said that 94 percent of all violent crimes reported in Mexico were never solved or prosecuted.

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Starting Again in Iraq

Targeting Saddam

So here we are again. The United States musters its forces and allies its allies. Saddam Hussein promises to cooperate, the United States re-leashes its forces. This time is different, the Clinton administration says, because the Iraqi dictator is more isolated — and because if he breaks his promise, the United States will not hesitate to use force. "If it doesn't work, we are prepared to act, as the president indicated," national security adviser Sandy Berger said on Sunday. That sounded a lot like what he said eight months ago: "Failure to allow the inspectors to go where they want, when they want will result in the use of serious force."

What is different this time around is President Bill Clinton's aim of a new strategy aiming at the overthrow of Saddam Hussein. The dictator represents a threat to his region and the world, Mr. Clinton said on Sunday. The best way to address that threat is through a "new government" in Baghdad. The United States will now "intensify" its efforts to work with Iraq's opposition.

Mr. Clinton's assessment of Saddam Hussein is correct. But until recently the administration did not see much merit in targeting his regime. Back in March, Mr. Berger said of a direct campaign, "I am convinced the costs — in blood, treasure and political isolation — are not justified." Of war by proxy, he warned of "the dangers of starting something we were not prepared to finish." Has Mr. Clinton now re-weighted those dangers, or is he speaking out of frustration at having been played by Saddam Hussein again? Is he really committed to helping the opposition, or was he trying to put the best spin on the latest standoff? If he is serious, it means a sustained commitment and a will-

ingness to use U.S. troops at least in a supporting role. If he is not, it is worse than reckless to embolden those who may expect U.S. assistance when none may be forthcoming.

The administration's claims of success in this latest round find themselves burdened by its record of deception, bluster and inconsistency. Not only tactics but goals, too, have shifted with time. Last February the administration also claimed to have won a clear victory when in fact it had accepted serious infringements on UN arms inspectors' freedoms. It claimed to be supporting an aggressive inspections regime when in fact it was pressuring the inspectors to avoid confrontations with Saddam Hussein. After Iraq booted the inspectors in August, the administration shifted its stated goal from depriving Saddam of his weapons to maintaining the economic sanctions on his regime. U.S. officials began questioning an inspection regime's chance of success.

Now the administration is back to championing access for inspectors as the most important goal and to deriding the efficacy of bombing. If the inspectors truly are allowed to do their job, with Iraqi cooperation, that certainly will be preferable to inconclusive bombing. But Saddam Hussein has made clear that maintaining and acquiring nuclear, chemical and biological weapons are his primary goals, more important to him than the lifting of sanctions, the welfare of the Iraqi people or anything else. Unlike other tyrants today, he also has been willing to use such poison weapons.

He may tolerate what Scott Ritter, the disgruntled former weapons inspector in Iraq, called the illusion of arms control, but he will part with his weapons of mass destruction only when compelled to do so.

—THE WASHINGTON POST

Inspection Goals

The days ahead must see the resumption of an aggressive program of weapons inspections in Iraq. That is the only way to test Saddam Hussein's latest pledge of full cooperation with United Nations investigators responsible for uncovering and eliminating Baghdad's chemical and biological weapons and missile delivery systems. There can be no return to last spring's misguided American policy of reining in the inspectors to head off objections from Iraq or its allies.

Inspections can be a more effective disarmament tool than air strikes, but only if UN specialists can look wherever they need to and get honest answers about what Iraq has done with its mass destruction weapons, many of which it acquired before the Gulf War. The benchmarks that President Bill Clinton set on Sunday make clear what Iraq has to do. It must give the inspectors access to every laboratory, factory, presidential palace, computer hard drive and desert hiding place they need to see. It must hand over every pertinent document that the inspectors request. It must satisfactorily answer all the inspectors' questions about what has become of weapons ingredients. Iraq must also accept the inspectors' independence from political control, and fully abide by all Security Council resolutions requiring the destruction of its terror weapons and long-term monitoring of its weapons activities.

Much of the drama surrounding the inspections has come from Iraqi attempts to bar investigators from entering buildings where crucial records or other evidence may be hidden. Sur-

prise inspections and vigilant monitoring of weapons plants remain essential. An intensive effort must now be made to track any equipment that may have been moved or modified while the inspectors were kept at bay in recent months. Iraq's promises must also be tested by early visits to buildings run by Iraq's Special Security Organization and Special Republican Guards where Baghdad's weapons concealment effort is believed to be centered.

But an even bigger problem has been Iraq's withholding or falsification of information about the biological and chemical ingredients it has assembled over the years. Iraqi authorities must be asked directly about some 2,000 gallons of deadly anthrax bacteria and nearly 5,000 gallons of botulinum toxin that have never been adequately accounted for. They need to explain what has become of this material and back up their assertions.

Baghdad has also failed to provide records for its production of VX nerve gas for part of 1989 and all of 1990, a period in which it is known to have been running production lines in preparation for and after the invasion of Kuwait. Those records must now be handed over. Iraq must also account for some 200 tons of missile propellant it bought from the Soviet Union that can be used only to power the kind of long-range missiles that Baghdad is no longer allowed to possess.

If these answers and access are not provided, Washington will have to turn anew to the option of military force. In the absence of effective inspection, the only way to control Iraq's weapons development is with a sustained campaign of bombing and missile strikes.

—THE NEW YORK TIMES

Other Comment

A Worldwide Failure

Countries from Russia to Malaysia are being swept by huge waves of rejection of the American form of capitalism. They have discovered that the recommendations of the IMF, the World Bank, AID, and the Jeffrey Sachs of the Western world have brought economic chaos, misery, loss of real income, dilution of assets (especially pensions), falling health standards, indignity, massive organized crime, large-scale corruption...

As of 1998, many people in the countries that until recently were counted as newly Americanizing are now demanding — and getting — a change of course, to better protect their com-

munities from financial if not economic globalization. The reasons for the worldwide failure of American capitalism and the rising backlash against it are numerous. Most important is the fact that many of the societies involved do not have the cultural, social and political infrastructure a free economy requires. In these countries the most obvious expression of this deficit is the large-scale lawlessness that prevails. More is required than a few new laws, deregulation and currency convertibility. For a people to be basically law-abiding requires a mentality, personality and culture that it took the West centuries to evolve.

—Antonia Etienne, in the fall issue of the Responsive Community.

Threaten and Suspend Air Strikes Next Time, Too

By Edward N. Luttwak

WASHINGTON — The decision to call off the air offensive against Iraq can be seen as the first public act of the new "post-political" Bill Clinton. For the first time in his adult life, Mr. Clinton is out running for office or preparing to do so. He can therefore risk making foreign policy decisions that displease the public.

Because it is generally expected that Iraq will still come up with some excuse to block United Nations weapons inspectors, Mr. Clinton has been criticized for allowing Saddam Hussein to outmaneuver him once again. This accusation will undoubtedly resonate with the public, which tends to see the confrontation with Iraq as a struggle of wills.

In fact, the president has won another victory over Iraq.

For Mr. Clinton's entire presidency, Iraq has remained under a United Nations embargo that largely keeps it from exporting oil. This has made it impossible for Saddam Hussein to rebuild and modernize his war machine at a time when advanced weapons are easily available from stockpiles in the former Soviet Union and from underemployed military industries in France, Brazil and elsewhere.

Saddam has also lost many ballistic missiles, chemical agents and biological and nuclear weapons installations that inspectors have found and destroyed since the Gulf War, in spite of every form of Iraqi obstruction, concealment and deception.

Both the embargo and the inspections are the result of the tenuous but sufficient consensus that the United States has been able to preserve in the Security Council, despite French and Russian eagerness to lift sanctions and China's opposition to any use of force by the United States.

An American air attack this past weekend might have made Mr. Clinton look strong, but it would also have shattered this fragile consensus. (The United States could use its veto to keep the sanctions in effect, but it is best to keep that as a last resort.)

Today Saddam Hussein can boast of another hollow diplomatic victory, but the embargo remains firmly in place. If after a few days, weeks or months he tries to obstruct the inspectors, the United States should gear up

for an attack once again, then call it off when the Iraqis give in one more time. Saddam would thus win another game of daring brinkmanship, but he would still be unable to start rebuilding his military strength.

That is what counts in the long run. It is also the main concern of the foreign policy establishment and the leaders on Wall Street. (Note that the Dow Jones industrial average rose above 9,000 points on Monday for the first time since July.) These are the views that matter to the post-political Bill Clinton, who is already thinking of his post-presidential career.

The writer, a senior fellow at the Center for Strategic and International Studies, contributed this comment to The New York Times.

No, Here Was a Chance to Smash Saddam, and Clinton Lost It

By Charles Krauthammer

WASHINGTON — Saddam Hussein once again plays the pull-America's-chain game, and Bill Clinton meekly permits a return to the status quo ante.

Saddam expels United Nations inspectors, spurns previous agreements and brings the United States to the brink of war. He does this with impunity. Indeed, with each pull of the chain he gains.

Last February, he got Kofi Annan to accept the UN arms inspection regime. This time he got Mr. Annan's pledge to work to lift the post-Gulf War economic sanctions.

What is wrong with this crazy game is not the injustice (justice took a holiday when George Bush allowed Saddam to survive the Gulf War) but the incentive. It is perverse to reward Saddam. It guarantees that he will do it yet again.

Saddam gains, too, by America's loss. And the loss is considerable. Not only in treat-

ure — for the third time in a year, a \$1 billion-plus buildup — but in morale. There are only so many times you can send fighter pilots to the brink, put warships on battle alert, recall B-52s as they approach enemy airspace without demoralizing the troops.

And nothing so demoralizes as a show of irresolution at the top. Mr. Clinton had an extraordinary opportunity to strike a massive blow against Saddam, and he flinched.

As in 1990, Saddam badly miscalculated. The expulsion of the UN inspectors was such a blatant provocation that it left him totally isolated. He lost Russia, China, France and then, fatally, the Arabs.

The crucial event was the unusually strong resolution coming from eight Arab states (Egypt, Syria, Saudi Arabia and five Gulf states) blaming the crisis and all its consequences

on Saddam. Their declaration that whatever disaster befell Iraq would be on Saddam's head was a bright green light to Mr. Clinton from quarters that for years had been flashing nothing but yellow and red.

Never in the years since the end of the Gulf War have conditions been better to severely weaken, if not bring down, Saddam Hussein. Compared with 1991, his position is militarily and politically weaker, and with Westerners having spent seven years roaming around his country, Western intelligence is correspondingly better.

Unable to distinguish a crisis from an opportunity, Mr. Clinton blew this extraordinary opportunity. Saddam's overt dismissal of the UN inspection regime had presented him with a clear, understandable, universally accepted casus belli. It is now gone.

Mr. Clinton now claims that

nothing is lost. If Saddam does not live up to his word, and the inspectors are obstructed, Mr. Clinton says he is prepared to strike again.

Fat chance. If Mr. Clinton was reluctant to attack when he had unanimous international support and a clear casus belli, what are the chances that he would go to war if chief arms inspector Richard Butler is, say, delayed entry to a wing of a pharmaceutical plant? Risk 10,000 Iraqi dead (the U.S. military's estimate of casualties from an initial strike) over some obscure, messy inspection "modality"? The very idea is ridiculous.

The moment has passed. And for what? For a return of the UN Special Commission? By the Clinton administration's own admission, Unscam has been increasingly ineffectual. Since Mr. Clinton's last great self-proclaimed victory over Saddam (Mr. Annan's February mission to Baghdad),

Unscam has been an empty shell. It is supposed to be a means to the end of dismantling Iraq's weapons of mass destruction. Does anyone doubt that it will be thwarted again? The end of U.S. policy is, to the greatest degree possible, to disarm, disrupt and destroy Saddam's regime. A relentless air campaign had a good chance of doing that.

Yes: 40 days of air war did not do it in 1991. But Saddam was much stronger in 1991. And the fact that this time around he was so desperate to avoid the coming American attack belies the defeatism in Washington who think it would have failed or even backfired. Saddam obviously did not think so. He maneuvered his way out of this crisis because he genuinely feared the possible chain reaction of a massive American attack. His fear was America's opportunity. Mr. Clinton let it pass.

Washington Post Writers Group

Excess Capacity and Too Much Investment in America?

By Charles Clough

NEW YORK — Last summer's collapse of the financial markets is fading into distant memory. The Fed has become more accommodating, and investors are again pouring money into stocks. But before we assume that the American economy is out of the woods, we might ask why the markets so completely lost their bearings in the first place.

Two third-quarter economic statistics hold a clue. The overall economy looked fine, but the forward-looking components of GDP, profits and investment, declined for the first time since 1991, a recession year.

Consumer confidence and job growth are weakening, and capital spending has lost momentum. Inventories — of automobiles and nondurable goods, of commodities like copper and nickel — are growing.

Is all of this merely fallout from Asia's troubles, or are there domestic problems that may need working out?

There is evidence that over-investment, widely seen as the basic cause of Asia's fall from economic grace, could be a problem for the U.S. economy as well. Simply put, excess ca-

capacity for everything from steel to semiconductors suddenly emerged on the Asian landscape. Could Asia's problems be developing in America, perhaps in miniature?

Immense amounts of capital have been available in the last few years. American businesses became more efficient and generated huge amounts of free cash. They have used that cash to finance one of the greatest investment booms ever. Investment has grown 70 percent faster than final sales during the past three years. It has been the engine that has produced jobs and growth.

There is a downside, however. Investment increases production capacity, and now excess supplies are proliferating. More than 20 new models of the ubiquitous sports utility vehicle were introduced in 1998 alone, for example.

Retailers and financial institutions have added capacity faster than Americans can either spend or save. Catalogue retailers are building free-standing stores while retail chains invade the catalogue

business. Industrial production rose by 25 percent in the last five years, yet the percentage of manufacturing capacity that is actually being used is flat.

Telephone service providers have multiplied as local phone companies vie with long-distance suppliers and newly minted "competitive local exchange carriers" to build telephone systems and interrupt your dinner with sales pitches.

In reasonable amounts, investment is healthy. It enhances productivity and profits. But, like anything else, there can be too much of it. Excess capacity eventually drives down prices, and profits begin to suffer.

For much of the recent expansion, businesses could finance capital expansion, cover dividends and have cash left over. Ominously, in 1997 that began to change. Heavily committed to capital spending, businesses began to hemorrhage cash, and many must now borrow heavily to plug the deficit. Since 1996, nonfinancial corporations have doubled the amount of new bonds they are issuing, to \$360 billion annually.

Who is lending the money? The answer may come from the nation's \$200 billion "current account deficit."

Economies run current account deficits when they spend more than they save. The United States has been running them off and on since 1973; so they are nothing new. Earlier deficits, however, were generated by the federal government, which overspent its tax receipts and made up the difference by authorizing the Treasury to issue notes, bills and bonds.

As it turned out, those deficits caused little damage to capital markets, and interest rates fell sharply in the 1980s. Foreign central banks, particularly the Bank of Japan, were willing to step in and buy those Treasury securities. Treasury issues are safe, they offer a high yield in a reserve currency, and they are highly liquid.

Today a external deficit is far more troubling because it is being run up by American corporations, not by the government. In other words, American business must attract more than \$200 billion of foreign investment into corporate bonds and stocks.

Now that China has started down the right road of letting market judgments and not politics or favoritism guide the flow of resources, it must continue the journey.

Mr. Miller, professor emeritus at the University of Chicago Graduate School of Business, shared the 1998 Nobel Memorial Prize in Economic Science. Mr. Qiao is a lawyer with an international law firm in New York. They contributed this comment to the International Herald Tribune.

China Is Right to Enforce Regulation of Foreign Debt

By Merton H. Miller and Gangliang Qiao

HONG KONG — The recent closure of Guangdong International Trust & Investment Corp. sent shock waves through the financial community in Asia. The once seemingly impregnable government-linked company was shut down by China's central bank after it ran up debts to foreign and Hong Kong banks that it could not repay. Estimates of the amount owing range up to \$3 billion.

The immediate question confronting lenders is whether the Chinese government will stand behind the debts of Guangdong International and other "trust and investment" companies that may fail in the future.

China has long sought, through a system of registration and approvals, to restrain financial institutions, other enterprises and local-level entities from incurring hard currency debt. The restrictions on foreign indebtedness are in laws and regulations issued by the State Administration of Foreign Exchange since the late 1980s. These regulations require approval for foreign indebtedness.

Since 1987, all borrowers (except certain so-called foreign-invested enterprises) that borrow abroad must get approval from the Exchange within 15 days of the execution of a loan agreement. Only after the Exchange has reviewed and approved the relevant documents would it issue foreign debt registration certificates. These registrations served to ensure timely servicing of debt and the necessary conversion of China's currency into foreign exchange.

Legitimate debts approved by the Exchange are not at issue. China says they will be

honored as promised. But many foreign lenders in the heady years of finance and investment in China failed to take care that their loans were registered with the Exchange. That failure may be the result of ignorance of the foreign debt registration requirements. More likely, the lenders, often egged on by local Chinese officials, ignored the rules, despite repeated warnings by the central bank.

Regardless of why foreign lenders failed to register, they should not expect to hold the central government responsible for their failure. The central authorities cannot act as a guarantor of last resort for money borrowed by local actors without central government authority.

Government repayment now of such unregistered debt would establish a dangerous precedent. It would amount to bailing out lenders who have failed to exercise prudence and sound business judgment. Rescuing them would suggest that in China laws and regulations can be ignored with impunity.

The closure of Guangdong International should be viewed as a positive sign of the central government's determination to clean up the mess in the financial sector and hold everyone to the objective dictates of the rule of law. Beijing's refusal to guarantee repayment of the unregistered foreign debt sends a message that it is serious about enforcing its laws and regulations. The days are over when anything went as long as it brought in foreign capital.

But taking a tough stand by not bailing out foreign lenders

is not enough. Beijing should treat domestic financial institutions, including its troubled banks, the same way.

It is encouraging to learn that China's central bank will no longer automatically bail out bankrupt financial institutions. We also welcome hints that Beijing will now allow more debt-laden banks to close. The previous closures of China Venture-Tech Investment Corp. and Hainan Development Bank have served as examples of the central government's determination to improve the banking system.

To make these and other reforms of lax lending and banking practices effective, certain procedures should be established requiring financial institutions to recognize their bad loans.

Given the lack of alternatives to traditional bank financing, China, like many other countries, has been reluctant to force its banks to write off bad loans. The regulators fear that recognizing such loans would impair the capital of the banks and create a serious liquidity freeze or credit crunch, like the one now afflicting Southeast Asia.

But continuing to lend to insolvent borrowers, so that they can pay interest, is no solution. It is merely a gambler's "doubling up" strategy that makes the crash even worse when it comes, as it eventually must.

Enforcement of the debt regulations, although painful for some lenders and possibly harmful to China's near-term ability to raise capital from international sources, will in the long run benefit both foreign lenders and domestic enterprises.

Now that China has started down the right road of letting market judgments and not politics or favoritism guide the flow of resources, it must continue the journey.

Mr. Miller, professor emeritus at the University of Chicago Graduate School of Business, shared the 1998 Nobel Memorial Prize in Economic Science. Mr. Qiao is a lawyer with an international law firm in New York. They contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Racial Terror

NEW YORK — The suppression of the negro vote in the elections and the killing of negroes in both North and South Carolina will become the subject of a vehement Republican agitation in Congress. In North Carolina the Democrats so terrorized the negroes as virtually to wipe out the mass of the Republican vote. Many Republicans joined the Democrats in a campaign against the negroes, which has resulted in their being deprived of both civil and political rights. The negroes believe that the President is with them.

1923: Ominous Crows

VIENNA — An enormous migration of crows from East to West is witnessed in Bohemia. There are several thousand birds, and whenever they alight on fields they cause great damage. Their noisy croaking can

be heard from afar, even before they appear on the horizon, and when they come over the rattle of their wings gives a weird impression. The popular belief is that passing hosts of crows mean war and hunger for the country to which they fly, and the country folks are much perturbed over this phenomenon.

1948: Berlin ID Cards

BERLIN — The separation of Berlin into two distinct cities was moved toward completion when the Soviet authorities ordered issuance of new identity cards for their zone and throughout Berlin, and announced penalties for Germans who failed to procure them. The order was termed "illegal and a breach of existing agreements" by Colonel Frank L. Howley, military commandant for the United States in Berlin. "It is one more step in the Soviet plan to 'wall off' western Berlin," he said.

Herald Tribune
ESTABLISHED 1867
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen of the Board
PETER C. GOLDMARK JR., Chairman and Chief Executive Officer
RICHARD WOOLDRIDGE, President and Chief Operating Officer
MICHAEL GETTLER, Executive Editor
• WALTER WELLS, Managing Editor • PAUL HORVITZ, Deputy Managing Editor
• KATHERINE KNORR and CHARLES MITCHELLMORE, Deputy Editors
• ROBERT J. DONAHUE, Editor of the Editorial Pages
• JONATHAN GAGE, Business and Finance Editor • SAMUEL ABT, Associate Editor
• RENÉ BONDY, Senior Vice President and Chief Financial Officer
• DIDIER BRUN, Circulation and Development Director
• STEPHEN DUNBAR-JOHNSON, Advertising Director
Directeur de la Publication: Peter C. Goldmark Jr.
International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41 43 93 00. Fax: Subscriptions: (1) 41 43 92 10. Advertising: (1) 41 43 92 12. News: (1) 41 43 93 38.
Internet address: <http://www.ihb.com> E-Mail: ihb@ihb.com
Editor for Asia: Michael Richardson, 3 Coleman Rd., Singapore 179090. Tel: 65 437 7788. Fax: 65 437 2314.
Wg. Dir. Asia: Nigel J. Oakley, 81201, 191 Rm Road, Hong Kong. Tel: 852 2521 1188. Fax: 852 2521 1190.
Gen. Mgr. Germany: T. Schiller, Friedhofstr. 12, 60528 Frankfurt, Tel: 49 69 725 91 00. Fax: 49 69 725 91 30.
U.S. Office: 200 Third Ave., New York, N.Y. 10022. Tel: (212) 753-3600. Fax: (212) 753-5783.
U.K. Advertising Office: 63 Longacre, London WC2E 9LT. Tel: (171) 836-4882. Fax: (171) 240-2254.
S.A.S. ad capital de 1.300.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337.
©1998, International Herald Tribune. All rights reserved. ISSN: 0244-4003.

A Cuban Band Is Still a Family

By Mike Zwerin
International Herald Tribune

PARIS — It's confusing. A succession of newly formed and/or revived Cuban pop and jazz bands is being marketed under stylistic descriptions such as son, mambo, charanga, guaracha, Afro-Cuban, cha flamenco and samba cha.

The history of Cuban music is rich and complex as it is. And the new definitions added on overlap and become vague depending on the context. One thing, however, is clear enough. As cultural sanctions slowly loosen, today's music from Cuba is à la mode.

It is presented as authentic tradition-based music directly from Havana rather than Yankee-filtered salsa from the Bronx. One example: Orquesta Aragón is a particularly long-term, clear and honestly Cuban affair. A family affair.

Formed in the central port of Cienfuegos in 1939 by Orestes Aragón Cantero as an eponymous charanga-style orchestra, it has existed pretty much continually since then. Aragón's charanga — featuring three violins, a flute and a cello — describes delicate string music originally played for dances and parties in chic salons for the white bourgeoisie.

Charanga has also come to mean something more African-oriented and brassy, with a stronger pulse. Both branches use similar compelling rhythms — a traditional piano, bass and percussion cushion playing the franchise Cuban syncopated fabric. The intensity varies considerably. In Aragón's case, it is oh so soft and without the bullish and screeching trumpets Cubans are otherwise so fond of.

Rafael Lay Apezteguia, one of the original violinists, was a prodigy at 13. In 1948, he took over as leader from the ailing founder. Although he did not invent the cha-cha-cha, under his leadership Aragón fused it with the charanga and the orchestra was primarily responsible for its popularity.

Cha-cha mania brought the Aragón to a larger public. They shifted their base to Havana. Helped by the popularity of their virtuoso flutist and composer Richard Egües, they toured the Americas. In 1955 they began a radio program that continues today. It was first sponsored by Crystal Beer. Now they record a 45-minute concert in front of a live audience on Wednesday to be aired on Monday over Radio Progreso. Basically Aragón's musicians, who are full-time employees, continue to make their living from this weekly radio show. Otherwise the orchestra has had its commercial ups and downs.

The rise of Fidel Castro did not affect the orchestra's popularity. Rather, it shifted its markets. Aragón began to tour Poland, East Germany and the U.S.S.R. The light step of their cha-cha-cha was welcome behind the Iron Curtain.

They were introduced to Paris via the yearly French Communist Party festival, Fête de l'Humanité. In 1965, they played a concert at the Olympia Theatre followed by two weeks in Le Cour Samba, an Afro-Parisian club. It was decolonization time. The Black Continent was in turmoil. A new consciousness was rising. Cuba had been a major distribution point of the slave trade. Africans had long been interested in Cuban music anyway.

In Paris, Aragón discovered that they were one of the most popular Cuban bands in Africa. They had never been to Africa and the extent of their popularity was veiled by the fact that about 50 percent of their grand total of 100 recordings were bootlegs about which they had been uninformed.

One way or the other, their albums were circulating, and their reputation was growing. In 1972 they toured Africa for the first time — Guinea and Mali to begin with. The band's cellist, Tomas Valdes, created the *chaonda*, which had a perky rhythmic feel inspired by Guinean folk music. They



Rafael Lay Bravo now leads his father's band.

built on their popularity with tours that included Senegal, Zaire, Benin, Zanzibar, Burkina Faso (one concert was interrupted by soldiers executing a coup), Ghana and the Republic of Congo.

Denied access to the United States for political reasons at the height of the Latino-New York boom, they returned to Paris instead to play for excited Afro-Caribbean audiences in clubs like La Chapelle des Lombards and prestigious venues like the Cirque d'Hiver. And they could often be found on the same European stages as big latin names such as Oscar D'Leon and Tito Puente.

When Rafael Lay Apezteguia died in an automobile accident in 1982, he was replaced by his son, Rafael Lay Bravo, also a violinist. Bravo, who is 39, leads the band today. With new, young and enthusiastic French management, it's exploring Europe. The group's current tour, through Dec. 12, will include stops in Brussels, Paris, Amsterdam, Berlin, Dijon, Hannover, Turin, Mainz and Strasbourg.

TS new agent, Claire Henault, described the new pianist, whose father was also once the band's pianist, as being "tres Aragonese." Asked to define what that means, she said: "It's a way of being simple — modest, not a show-off." And the family story continues. Rafael is his father's son — comparing photographs reveals a striking resemblance. Two of the band's current violinists are father and son. Aragón also emphasizes the musical equivalent of family values. All the music is written, there is just about no improvisation. One trademark sound is male voices in unison and the voicing of their chords in general is consonant.

The United States is now opening up for them. As with other Cuban bands, it is still necessary to go through convolutions, like having albums released by Canadian or Japanese offices of multinational record companies. But Aragón is already known among the Cuban community and BMG/France is giving their new album "Quien Sabe Sabe" major promotion.

And so it has come to pass that Orquesta Aragón, one of the longest running acts in Cuban music, and Cuban music in general in all its myriad forms, is infiltrating the world of "world music."

Beijing Revels in Its Jazz

Stepping Out With the People's Liberation Band



Members of the People's Liberation Army band playing Coltrane's "Blue Train" at the Beijing Jazz Festival.

By Mia Turner

BEIJING — Beijing is not the place you would immediately associate with hot jazz in smoky clubs. But this week the Chinese capital will host its sixth international jazz festival.

Like every year it will showcase such homegrown talent as Du Yunqiao, who was 16 when the People's Liberation Army plucked him out of his Wuhan high school in 1981.

They examined his teeth, his hands and his looks and decided he had the makings of a musician. Along with 45 other teenagers recruited from around the country, Du was sent to Beijing to study at the army's Music Academy. Upon arrival, he was handed a saxophone.

"I didn't even know what a saxophone was," he says. "At the time I would have preferred a trumpet," a far more patriotic instrument among the military brass. But the saxophone changed his life: "I liked its complexity."

For the next decade he was immersed in classical music studies and Soviet marching songs. But as his interest in the saxophone grew so did his knowledge of other musical forms: "I listened to any music that had a saxophone."

When he was not donning his uniform to play with the 400-member China National Military Band for visiting foreign dignitaries, he was expanding his jazz repertoire. Charlie Parker and Mike Brague joined the list.

"I didn't have much choice at the time. They were the only jazz musicians whose tapes I could find," Du says.

Then in 1988 Du's jazz dreams were realized. The army started its first big band. Although it broke up half a year later, he never looked back.

By 1992 he was sneaking out of his barracks to play jazz with other musicians around the city. From then on he played jazz at night and marching music during the day. A year later he was well enough established in the local jazz scene to set up his own group, "Wide Angle."

Three years later, the military agreed to let the 21-year-old army major head a 20-member army jazz band called the Golden Horns.

Du's love affair with jazz is not unique in modern-day Beijing. Perhaps

one of the capital's earliest pioneers is Liu Yuan, 38, who had his first taste of jazz in 1978 while traveling in Romania with the Beijing Song and Dance Ensemble.

Though he was in a fellow socialist country, he soon discovered they had a different style of music. His Romanian hosts took Liu to the steamy jazz elms of Bucharest. Three years later he toured France and Belgium and absorbed the jazz scenes there. He was hooked.

The fourth generation of his family to play the *suona*, a Chinese horn, Liu says he is the last. In 1985 he put down the *suona* and took up the saxophone, and three years ago he helped set up Beijing's first jazz bar — the CD Café — with his group, the Liu Yuan Quartet.

While jazz is still at the embryonic stage, it is not new in China. As early as the 1920s, swing jazz could be heard in Shanghai and other cosmopolitan cen-

The 45-year-old pianist, who used to play classical music with the China Philharmonic, has been busy educating his small but growing audience. He writes a monthly column on jazz in Chinese Performing Arts Magazine and is frequently interviewed in the local press.

Chinese audiences, he explains, are not ready for the improvisation of contemporary "free jazz." Most Chinese musicians are still performing bebop. "We have to play what audiences can understand," Liang says. In private they are developing a jazz vernacular.

While the road has been circuitous, modern jazz is slowly finding its way to China. This week's festival is helping speed up the process. Stated by the jazz aficionado Udo Hoffman, the five-day festival has brought a number of major jazz performers, like Betty Carter, to China.

Hoffman, a German expatriate working in Beijing, found sponsorship from foreign ventures like Volkswagen and has so far received an enthusiastic response for his efforts.

He recalls a 60-year-old Chinese man who came up to thank him with tears in his eyes after the first Beijing festival in 1992.

"He told me he knew jazz existed but had never heard it played," he said. "I was touched so I continued the festival the next year, though organizing it was exhausting."

THIS year the festival will travel to eight cities in China, up from four last year. It will also be bringing major performers like the Dave Holland Group and Paul Motian, the renowned U.S. drummer who played with Woody Guthrie at Woodstock.

While jazz still has a long way to go to become more widely accepted, it has an enthusiastic following here. According to Hoffman, people of the emerging urban middle class are the ones who might give jazz its jumpstart. "They are looking for a lifestyle that makes them different from their co-workers. Jazz is one niche in that development. They want to say 'I can understand that.'"

The People's Liberation Army might already be heading in that direction. The Golden Horns are playing with Beida Sonora of Italy in the festival.

"It's progress," Du says.

Mia Turner works for Time magazine in Beijing.

Going Deeper 'Into the Woods'

By Sheridan Morley
International Herald Tribune

LONDON — Christmas has come a little early to the Donmar Warehouse this year. Stephen Sondheim's dark "Into the Woods" is back in the West End less than a decade after it folded somewhat abruptly in a glittering staging.

In the intimacy of the Donmar Warehouse, on a wonderful set by Bob Crowley that looks like an exhibition of Christmas trees, we are taken deeper into these woods than ever before, and theoretically we should be in very secure surroundings, given that this is the third festive-season Sondheim at this address.

But Sondheim is not festive, nor is he even likely to make us feel secure. "Into the Woods" is a multilevel deconstruction of the old pantomime stories. Essentially it deals with what happened unhappily ever after. Cinderella and Rapunzel and their respective princes ("I was brought up to be charming, not necessarily sincere" notes one of these). Little Red Riding Hood and assorted other fairy-tale figures are reassembled in James Lapine's brittle, often brilliant book some years after their stories were supposed to end in eternal happiness. Except of course they didn't.

What is now stirring down in the forest is the realization that even for these legendary figures, perhaps especially for them, the future is full of doubt and death and divorce.

The problem with this production is that, unlike the Warehouse's last Sondheim revival, "Company," it is very undercast, so that only Nick Holder and Sophie Thompson (as the Baker and his wife) and Clare Burt as the Witch seem to have the full measure of this immensely tricky score.

All is confusion, from costumes to casting. Can there be any reason other than weird gimmickry to have Achilles's lover, Patroclus, played by a woman and then shot by his/her own side merely to get Achilles back into armor?

As is now all too common at the RSC, the cast is catastrophically unused to Shakespearean verse-speaking and Michael Boyd's production betrays a lack of faith in the play, which he allows to drift aimlessly along with Irish accents adding to the general confusion. Amazingly, this production is scheduled to tour at home and abroad; it does the RSC no service anywhere.

He didn't even know what a saxophone was. But the instrument changed his life. I liked its complexity.

For the next decade he was immersed in classical music studies and Soviet marching songs. But as his interest in the saxophone grew so did his knowledge of other musical forms: "I listened to any music that had a saxophone."

When he was not donning his uniform to play with the 400-member China National Military Band for visiting foreign dignitaries, he was expanding his jazz repertoire. Charlie Parker and Mike Brague joined the list.

"I didn't have much choice at the time. They were the only jazz musicians whose tapes I could find," Du says.

Then in 1988 Du's jazz dreams were realized. The army started its first big band. Although it broke up half a year later, he never looked back.

By 1992 he was sneaking out of his barracks to play jazz with other musicians around the city. From then on he played jazz at night and marching music during the day. A year later he was well enough established in the local jazz scene to set up his own group, "Wide Angle."

Three years later, the military agreed to let the 21-year-old army major head a 20-member army jazz band called the Golden Horns.

Du's love affair with jazz is not unique in modern-day Beijing. Perhaps

Most of it was imported by American expatriates.

Yet when relations with the United States soured in the 1950s, jazz fell into disrepute. By the time the political chaos of the Cultural Revolution broke out in 1966, it was completely banned. Villains in movies were often seen in bars with jazz music playing in the background.

"You could be censured if you played jazz," Liu says. "It was considered dizzying music which was not good for society."

Only after ties with the United States were normalized in 1978 did jazz have a revival. But the hiatus put Chinese musicians in a time warp. "The only jazz we knew was from the 1940s," says Liang Heping, a jazz pianist in Beijing. And these continue to be the melodies which suit China today. "For 30 years we heard no jazz. It was the period when jazz overseas saw rapid development but we Chinese missed it."

Today, Chinese jazz musicians are racing to catch up. They have plenty of obstacles in the way, however. Unlike their counterparts overseas they have no role models. Tape recordings and compact disks are still almost impossible to buy. "We have had to start learning jazz from zero," Liang says.

CROSSWORD

ACROSS

- Game of chance
- Exit quickly
- Part of a profit calculation
- Kind of surgery
- Red shade
- 1962 award for David Marnet
- Indeen
- Medieval plant
- Rivers only
- French wine made the old-fashioned way?
- Sphere
- 24 Rolands rival
- 26 Machine part
- 28 Birthday-to-birthday span
- 31 Dom DeLuise sitcom
- 34 Mine, in Arvens
- 36 Newsmen Elie
- 38 Loathsome individuals
- 40 French delicacy served at McDonald's?
- 43 Jazzman Shapiro
- 44 Valley
- 45 "I... Necessarily So"
- 46 Young man
- 48 Beggar's duds
- 50 "Hel-Hip"
- 51 Pits others
- 53 Ill neighbor
- 55 Low-cost version of a French French dessert?
- 57 Pound of literature
- 59 Duro Canyon, Tex
- 64 Seafinger's "Fairy and"
- 66 Become frayed
- 68 What feeding families may get
- 67 Kind of cycle
- 69 Whirlpool
- 70 TV address Christine
- 10 Pioneer's wagon
- 11 Life sentences?
- 12 "I'm... Rover!"
- 13 Driving and?
- 21 Draw... on (arm all)
- 22 Ham it up
- 25 Family man
- 26 Bragley and Shaw
- 27 Get-rich-quick method
- 28 Not up
- 30 Hand over (to)
- 32 Gangster garb
- 33 A Belt for
- 35 A going concern?
- 37 1970 Knicks hit
- 38 Some jets
- 41 Bodybody
- 43 Labor grp since 1900
- 47 Went
- 48 "Blah-blah-blah"
- 49 Be very hot
- 52 Split
- 54 1988 Olympics site
- 55 Alum
- 56 Whole bunch
- 57 Winston TV mascot
- 58 "Beloved" author Morrison
- 59 Garfield's alter
- 60 Jane who becomes Mrs. Rochester
- 61 Wood gatherer
- 62 Girl's friend

DOWN

- Group, as of votes
- Appeal
- In a middle
- "Cool"
- Obscure
- The lady of the fairs
- Downtime
- WW II vessel
- Clute's sight

Solution to Puzzle of Nov. 17

WAGED MOTO GLUM
ALONE ASAP LINE
SLAVS CLUE OBIS
LOCKHORN WITH
PAPYRI USE DIE
AGNO TOWLS FLODS
MISSE GLEASTY
STOCKERCHANGE
AND LOU NULL
KAFFRA LYONS ALT
ODE SALT TEHRAN
BARRELCHESTER
OGRE PEAR TWILL
LIEN NOLA LEAVE
DOTIE AMES EIRITIE

DO YOU LIVE IN FRANCE?

- Subscribe and SAVE up to 60% off the cover price.
- Also available: PAY MONTHLY by easy, low cost, direct debit.

EARLY MORNING DELIVERY TO YOUR HOME OR OFFICE.

Herald Tribune

For more information about easy ordering and availability of hand delivery CALL our Subscriber Customer Service Department. TOLL FREE: 00800 4 448 7827 (00800 4 IHTSUBS) or Fax: 01 41 43 92 10 E-mail: subs@iht.com Internet: http://www.ih.com

PAYMENT BY MONTHLY DIRECT DEBIT

☐ YES, I'd like to subscribe and have my bank account debited monthly by FF162. Please start my subscription and send me a bank form to arrange my payment.

PAYMENT BY CHECK OR CREDIT CARD

☐ YES, I'd like to subscribe and pay for the following term:

☐ 12 months (+ 2 months free): FF1,950 (Saving off cover price: 45%)

☐ Special 2-month trial subscription: FF210 (Saving off cover price: 60%)

☐ My check is enclosed (payable to the IHT)

☐ Charge my: ☐ Access ☐ Amex ☐ Diners ☐ Eurocard ☐ MasterCard ☐ Visa

Credit card charges will be made in French francs at current exchange rates.

Card N°: _____ Exp.: _____

Signature: _____

☐ Please start delivery and send invoice.

Family Name: _____

First Name: _____

Job Title: _____

Mailing Address: ☐ Home ☐ Business _____

City: _____ Code: _____

Telephone: _____

E-Mail Address: _____

Your VAT N° (Business orders only): _____ (TAX N° 947 320 211 26)

I got this copy of the IHT at: ☐ kiosk ☐ hotel ☐ airline ☐ other FR18

☐ I do not wish to receive information from other carefully screened companies. 18-11-98

This offer expires on December 31, 1998 and is AVAILABLE FOR NEW SUBSCRIBERS ONLY.

Return your completed coupon to: Subscriptions Director, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex. Fax: 01 41 43 92 10 E-Mail: subs@iht.com

READERS IN OTHER COUNTRIES CAN SUBSCRIBE BY CALLING:

EUROPE, MIDDLE EAST & AFRICA: Tel: +33 1 41 43 93 61 Fax: +33 1 41 43 92 10

THE AMERICAS: Tel: (USA toll free) 1-800-882-2884 Fax: +1 212 755 8785

ASIA: Tel: +652 29 22 11 Fax: +652 29 22 11 99

ART

ROYAL THEATRE NEW YORK WYNDHAM THEATRE LONDON

WEDNESDAY, NOVEMBER 18, 1998

MEDIA MARKETS



Walter Isaacson, managing editor, defends Time's move.

Time is readying its first regular weekly issue devoted to just one advertiser, the drug-maker Pfizer, whose executives met with the issue editor.



Time Treads Controversial Turf

Editor's Meeting With Sole Sponsor of Issue Unsettles Industry

By Alex Kuczynski
New York Times Service

NEW YORK — Mark Whitaker brought up the subject last week as one of his first acts as the new editor of Newsweek. In an interview in his office, he said he was dismayed at recent decisions at Time magazine that he said blurred the line between editorial and advertising priorities.

"I think it's pretty well known that they're doing things that seem tailored for specific advertisers," Mr. Whitaker said. He was alluding to Time magazine's recent agreement with Ford Motor Co. in which the automaker will be the sole sponsor of new editorial sections that focus on the environment. In response, the managing editor of Time, Walter Isaacson, defended Time's separation of powers as a "great system of checks and balances."

Toward the end of last week, magazine editors were talking about Time's latest advertising coup. The first issue of Time in the new year will be titled "The Future of Medicine." There is only one advertiser: Pfizer Inc., the third-largest pharmaceutical advertiser in the country, after Glaxo-Wellcome PLC and Bristol-Myers Squibb Co.

Pfizer spent \$85.4 million last year advertising in consumer magazines. The issue appears "in cycle," as a regular weekly edition of the magazine. This is the first time Time

has had one advertiser in a regularly scheduled, as opposed to an additional, issue of the magazine.

"Single-advertiser special issues are not new, and they are appearing with increasing frequency."

Time did one on women in 1990 with Sears, Roebuck & Co., and its multitalented issue in 1993 had one advertiser, Chrysler Corp. The single advertiser in a cyberspace Time in 1995 was AT&T Corp. And Glaxo-Wellcome was the advertiser in the summer of 1991 for the magazine's special issue on heroes of medicine and then five years later for one on the frontiers of medicine.

"What has attracted attention is that not only is 'The Future of Medicine' a regularly scheduled issue but that the Time special-project editor, Barrett Seaman, who is overseeing the issue, recently spent the day with Pfizer product managers in their New York offices."

"While both Mr. Isaacson and Mr. Seaman said that in no way would Pfizer help to shape the issue, Mr. Seaman conceded that he was disturbed by the trend toward having single advertisers featured in an issue solely about the subject they addressed."

"I am troubled by the continuing movement toward having these big advertisers on the subjects where the advertiser is in the same business more or less," he said. "But let's face it: those are the kind of advertisers you're going to attract. If you do a special issue on

the future of the automobile industry, you're not going to attract Eli Lilly."

Mr. Seaman said his visit had yielded little for the editorial side of the magazine.

"It was at the request of our ad sales people that I go spend a little time and sort of as the editorial representative give them a chance to talk a little bit about Pfizer," Mr. Seaman said in defense of his visit.

"And I would also add that those conversations had absolutely nothing to do with the editorial product that we're working on."

A Time reporter, Christine Gorman, paid a separate visit to Pfizer's research department in Connecticut last week to begin reporting a story for the issue, Mr. Seaman said.

Editors at several magazines said they were certain that Time would not allow Pfizer to interfere with the contents of the issue but that the perception of the arrangement might be damaging in readers' minds.

"I think the reader might ask questions," said Richard Smith, chairman of Newsweek magazine. "People who are writing, reporting or editing — line-editing — should not be getting too close to advertisers, even if that is just to head off the perception that the advertiser has influence over the editorial copy."

Newsweek has produced its own single-advertiser issues: An edition

See TIME, Page 19

Moscow Unveils a Recovery Plan, But Analysts See 'Too Many Holes'

Compiled by Staff From Foreign Press

MOSCOW — Russia published a long-awaited economic program Tuesday that may have been more significant for what it did not include than for what it did.

The plan offered little or no detail on cutting government spending, increasing revenue or settling foreign debts — all key to attracting new international loans. Instead, the program focused on reduced taxes, cheap loans for industry and the printing of money to pay wage and pension arrears, measures that lenders already have opposed.

Officials from the International Monetary Fund, who rejected earlier Russian plans as inadequate, are visiting Moscow this week for talks with the government. The Fund said it would not resume lending until Russia presented a realistic budget for 1999. Analysts said the IMF officials were unlikely to see the latest plan as sufficient.

"They are wise enough to see this plan has too many holes in it, and some parts are simply not implementable," said

Peter Westin, an analyst at the Russian-European Center for Economic Policy.

Nonetheless, Chancellor Gerhard Schröder of Germany, who was visiting Moscow, called Russia's economic plan "a good start" to new talks with the IMF. He said Germany would help Russia develop a broader strategy to overhaul its economy. Mr. Schröder met with President Boris Yeltsin in the Kremlin. Afterward, he said Russia could draw on Eastern Germany's experience of making the transition from a planned economy to the free market.

"We have got concrete experiences, both good and bad," Mr. Schröder said. "I believe Europe and also America can only welcome it if Russia can avoid repeating the difficulties we have had in our transformation."

But analysts questioned some of the assumptions in Russia's plan. For one, the plan predicts that the annual inflation rate will fall to 30 percent next year from an expected 70 percent this year.

That forecast is unrealistic, Mr. Westin said. The annual rate probably will be

"in triple digits," he said, as the government prints money to subsidize banks and industry and to pay months' worth of back wages to state workers.

The government plans to print an additional 25 billion rubles (\$1.52 billion) by the end of the year. The spending plan forecasts a budget deficit in the fourth quarter of this year of 6.4 billion rubles.

"They can't finance the plan in a noninflationary way," said Karine Saroukhanian, an economist at Nomura International in London.

Consumer prices rose 4.5 percent in October and soared 38.4 percent in September after the government abandoned its defense of the ruble in August. The dollar has risen about 60 percent against the ruble since then, causing prices of imports to soar. Moscow plans to control prices charged by monopolies such as utilities and railroads. But the economic program included few measures to increase revenue beyond raising a state monopoly on alcohol sales and trying to improve tax collection.

(Bloomberg, Reuters)

K-Tel Faces Nasdaq Delisting As Cash Flow Continues to Fall

Bloomberg News

CALABASAS, California — K-Tel International Inc., known in the United States for its late-night television advertisements for toll-free numbers pitching compilation music titles such as "Hooked on Classics," said Tuesday it had been notified by the Nasdaq stock market that it had failed to meet requirements for trading on the national market and faced delisting.

K-Tel received a warning letter from Nasdaq last month. It has a hearing scheduled before Nasdaq in January to seek a temporary extension to the requirements and to raise additional capital to meet them, said Lawrence Kievas, who was named president in October.

"There's no assurance the company will be successful in its attempt to remain listed on the Nasdaq stock market," the company said in its quarterly filing with the Securities and Exchange Commission. If delisted from the na-

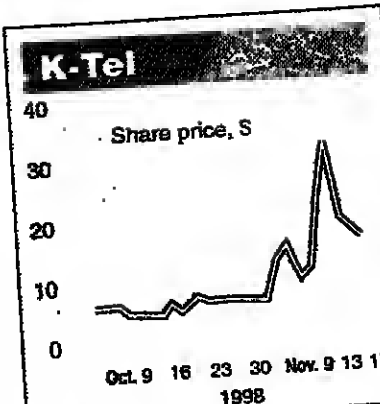
tional market, it said, it might apply to the Nasdaq small-capitalization market.

K-Tel shares have been swinging wildly since the company entered the on-line retailing business in April. The shares fell \$5.625 Tuesday to close at \$12, a fall of more than two-thirds from their highs of almost \$40 last spring.

On Nov. 3, news that K-Tel would sell music on Playboy Enterprises Inc.'s World Wide Web site sent its shares up 93 percent. Last week, the stock soared 98 percent after Microsoft Corp. agreed to include K-Tel's on-line music and video service on its MSN Shopping service.

Mr. Kievas said the pending situation with Nasdaq would not affect any of the company's current alliances and partnerships.

In its first quarter, which ended Sept. 30, K-Tel's loss widened to \$3.1 million from \$1.2 million a year earlier. It had negative cash flow from operations of



Source: Bloomberg

\$4.9 million in the period. The company said it had \$72.742 million in a revolving credit line on which it had already borrowed \$5.2 million.

In its SEC filing, the company said it expected to be out of compliance with the Nasdaq's tangible net asset requirement "until the company achieves the necessary level of profitable operations, obtains an equity placement infusion or further modifies the covenants" of its credit agreements.

Bronfman Tightens Grip on Universal

Departure of Biondi Touches Off a Reshuffle at Entertainment Giant

By Bernard Weinraub
New York Times Service

LOS ANGELES — The departure of Frank Biondi Jr. from Seagram Co.'s Universal Studios unit leaves Seagram's chief executive, Edgar Bronfman Jr., free to take more hands-on control of the company's growing entertainment operations.

Mr. Biondi, who was ousted Monday and will be replaced by his No. 2, Ron Meyer, was a respected figure on Wall Street.

Mr. Meyer will oversee three of Universal's entertainment businesses: movies, television and theme parks. Separately, Doog Morris, chairman of Universal's music business, will also report to Mr. Bronfman.

Mr. Bronfman said in a telephone interview that the shifts would help the company run more smoothly as it neared completion of its \$10.4 billion purchase of Polygram NV, the world's largest music company.

That purchase, coupled with Mr. Bronfman's decision last year to sell most of Universal's television assets to Barry Diller's USA Networks, seri-

ously diminished the power of Mr. Biondi. Mr. Bronfman personally negotiated the Polygram deal and has a personal and active interest in music.

"Strategically, the company has taken a couple of very significant turns since Frank joined them," said Jeffrey Logsdon, an analyst at Seidler Cos. He said Mr. Bronfman's company was seeking to turn into the dominant player in the music world and was increasingly emphasizing theme parks in its expansion efforts.

"These are not businesses that Frank had a great deal of experience with coming into the job," Mr. Logsdon said. In fact, Mr. Biondi's expertise, in previous top jobs at Viacom Inc. and Home Box Office, a unit of Time Warner Inc., was in television and cable.

Mr. Bronfman said the company had completed most of its significant expansion efforts to entertainment.

Responding to a question, Mr. Bronfman said he had been thinking about removing Mr. Biondi for a while. "I thought this was the best way to do it," he said. "It was the right way to structure the company."

Mr. Bronfman added that he personally had "more confidence to manage the business more actively and productively as a result of three and a half years here."

He added, "The closure of the Polygram transaction is really the final step of Seagram's transformation into an operating company which is a leader in the field of entertainment and spirits and wine."

Asked about the past confusion in the entertainment business about who did what at Seagram, and the seemingly overlapping responsibilities of Mr. Meyer, Mr. Biondi and even Mr. Bronfman himself, the 43-year-old son of the Bronfman family fortune replied tartly, "There's really room for one CEO, and it's me."

As to Universal's sluggish movie division, and the disappointing opening over the weekend of its "Meet Joe Black" feature film, Mr. Bronfman said, "There's no question we've had a disappointing year, although I have confidence in 'Meet Joe Black.'" He said Universal's slate of new films "is looking pretty good in the next couple of quarters."

CURRENCY & INTEREST RATES

Nov. 17 Libid-Libor rates									
Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
American	1.00	0.65	0.50	106.50	0.70	0.45	7.76	20.47	3.66
Swiss	1.46	0.92	0.70	150.35	0.98	0.60	10.36	27.03	4.75
French	6.55	1.00	0.76	65.55	0.83	0.50	4.36	11.36	1.93
German	1.93	1.00	0.76	193.63	0.93	0.56	13.36	34.75	5.94
Italian	1.93	1.00	0.76	193.63	0.93	0.56	13.36	34.75	5.94
Spanish	166.37	166.37	125.00	16637.00	177.36	100.00	1336.00	3475.00	593.70
Portuguese	200.48	200.48	150.00	20048.00	212.40	120.00	1664.00	4217.00	699.48
Japanese Yen	106.50	65.55	50.00	1.00	70.00	45.00	77.60	204.70	3.66
Chinese Yuan	8.27	5.20	4.00	82.70	5.20	3.20	82.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Mainland	20.47	12.75	9.75	204.70	12.75	7.75	204.70	204.70	3.66
Chinese Hong Kong	7.76	4.90	3.75	77.60	4.90	3.00	77.60	204.70	3.66
Chinese Taiwan	20.47	12.75	9.75	204.70	12.7				

Vision me Vision

Jürgen E. Schrempp
Daimler-Benz Chairman

Traveling the world,
he saw global opportunity.
And made the call.



Can you imagine two intuitive leaders simultaneously having an idea so far-reaching that the transportation industry would never be the same again? We can. Because the company that over a century

ago invented the automobile and today leads the world in fuel cell development has come together with the people who are constantly changing the rules of the road with breakthrough products and

...today, the
...called Daimler
...share a vision.

On His Vision

Robert J. Eaton
Chrysler Corporation Chairman

From the window of his office in Michigan, he spotted the ideal partner 4,200 miles to the east. And took the call.



www.daimlerchrysler.com

processes. Starting today, this meeting of the minds will happen at a new company called DaimlerChrysler. It's where 428,000 passionate people share a vision of an extraordinary future together.

DAIMLERCHRYSLER
Expect the extraordinary

Hoechst Plans to Spin Off Chemical Units

The company would have about 15,000 employees and generate all most half its sales in the United States. There also has about 80 percent of its production, Hoechst said. Celanese makes polymers and acrylic acids, which are used in many make industrial and consumer products.

A public offering would have been "too slow," Mr. Dorman said, adding that "a direct sale to competitor for an acceptable price would also not have been possible in the current environment," as chemical prices declined.

The company last year sold specialty-chemicals unit to Clariant AG for about \$3.1 billion, and last month it had agreed to sell Herbex paints division to DuPont Co., the biggest U.S. chemical company, for \$1.9 billion.

Investor's Europe

**Frankfurt
DAX**

1998

**London
FTSE 100 Index**

1998

**Paris
CAC 40**

1998

Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	AEX	1,055.33	1,058.84	-0.33
Brussels	BEL-20	3,172.09	3,183.58	-0.36
Frankfurt	DAX	4,702.63	4,783.77	-1.70
Copenhagen	Stock Market	609.61	615.89	-1.02
Helsinki	HEX General	4,427.73	4,436.78	-0.20
Oslo	OBX	498.42	508.73	-2.03
London	FTSE 100	5,502.70	5,510.50	-0.14
Madrid	Stock Exchange	794.29	799.73	-0.68
Milan	MIBTEL	20919	21004	-0.40
Paris	CAC 40	3,601.57	3,621.85	-0.56
Stockholm	SX 16	3,621.35	3,614.64	+0.19
Vienna	ATX	1,126.69	1,129.76	-0.27
Zurich	SPI	4,271.80	4,267.28	+0.11

Source: Reuters

Illustration: Herald Tribune

GOTHENBURG, Sweden — Volvo AB said Tuesday it planned to reduce its workforce to help it reach its growth profit goals.

While the company would not specify the number of jobs to be eliminated, the Stockholm business newspaper Dagens Industri said 2,900 to 4,300 positions would be cut.

Volvo said it would make an announcement Monday. The newspaper said that 10 percent to 15 percent of management and administrative jobs would be eliminated.

Employees about 7

GOTHENBURG, Sweden — Volvo AB said Tuesday it planned to reduce its work force to help it reach its growth and profit goals.

While the company would not specify the number of jobs to be eliminated, the Stockholm-based business newspaper Dagens Industri said 2,900 to 4,300 positions would be cut.

Volvo said it would make an announcement Monday. The newspaper said that 10 percent to 15 percent of managerial and administrative jobs would be eliminated.

The company employs about 70,000 people in Sweden and

world's second-largest
mings fell 32 percent in
year, hurt by turmoil in
tear losses stemming

ion Swiss francs (\$1.89
quarter, UBS had a loss
in implied profit of 982

ffered from a slump in
third quarter. It was also
hedge fund Long-Term
mings were "heavily in-

people worldwide, of 29,000, or about 40 percent white-collar, meaning general or administrative, clerks. Of the 44,000 Volvo employees in Sweden, 10,000 have white-collar jobs.

Volvo warned last month that its third-quarter earnings would be less than expected, that it would need to find ways to cut costs, and that its growth-oriented strategy would be announced a year ago.

Volvo shares rose 1.25 (25 cents) to close at \$12.50 in Stockholm trading.

(Bloomberg)

Model	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380</
-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	--------

[illegible][illegible][illegible][illegible]

No. 2 Gamemaker Profits on Dollar

The industry's medium-sized stal-

Much of the problem has been that a game company's quarterly performance can often ride on a single title, in much the

Sin, a highly anticipated Activision game, failed to materialize last quarter, the company was able to rush out a

\$43,375 early Tuesday, will reach \$51 in six to 12 months. His target for Activision, priced at \$13.50, is \$18. Steph-

"When all the returns are in and we look at the sell-through results for the full calendar year," said Lawrence Probst, chairman of Electronic Arts, "I think this will be the biggest year in the history of the video-game industry."

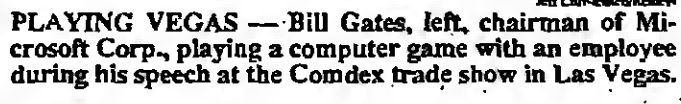
strong dollar lined its earnings in yen terms. Nintendo gained 8.5 billion yen on foreign-exchange earnings.

Space on Santa's Sleigh Is Tight: Asia Imports Cause Cargo Crunch

Reuters, NYT

The surge in cargo has been sparked by a slump in Asian currencies, which has made goods from the region a bar-

Rocket USA, for example, is expected to shell out extra money to ship its toys, a move that many makers of toys, electronic goods and



stores. The toys sell for

one-third of its merchandise from Asia.

goods by air, compared with 11 cents a kilogram by sea, according to Merge Global Inc., a cargo research firm in Arlington, Virginia.

"You get to a point where you don't care what it takes, you have to be on the

...exports are so weak, we've
the money on the imports."

"We brought in merchandise between 45 and 60 days early to ensure we were well-stocked for the holidays," said Stephen Mangum, chief financial officer of Pier One.

[illegible]

ASIA/PACIFIC

Moody's Lowers Japan Debt Rating

By Stephanie Strom
New York Times Service

TOKYO — Japan, with its vast foreign-currency reserves, ever-increasing trade surplus and impressive levels of domestic savings, is no longer a triple-A credit.

The decision Tuesday by Moody's Investors Service Inc. to lower its ratings on Japan's sovereign debt will have little practical effect on the Japanese government, and its impact on corporate borrowing costs was a matter of debate among analysts here.

But by calling into question the government's efforts to resuscitate the economy and wondering aloud whether Japan's bureaucratic, regulatory, and political systems still had enough clout after an eight-year economic slide to cope with the problems, Moody's raised the notion that Japan's more than \$800 billion of stimulus packages, a \$208 billion rescue package for its financial system and a historically unprecedented, easy monetary policy have been for naught.

"It may be difficult for the present government or possible future governments to balance conflicting policy objectives of the long run to achieve a durable recovery in economic growth, to relieve the fiscal burden of the government and to restore solvency and vitality to the financial sector," Moody's said.

Moody's lowered its rating on securities issued or guaranteed by the government of Japan from Aaa, its top rating, to Aa1. The rating concern also lowered its foreign-currency ratings on bonds, notes and bank deposits for Japan from Aaa to Aa1.

The change made Japan's credit rating lower than that of Italy, which is now a triple-A credit. It also made Japan the second member of the Group of Seven leading economies with a credit rating below triple-A, joining Canada, whose sovereign debt is rated Aa2 by Moody's.

The Japanese government departed from its usual silence on the matter of credit ratings to denounce the Moody's decision. "Japanese government bonds are the most trusted in the world," said Finance Minister Kiichi Miyazawa.

Mr. Miyazawa said Japan would issue about 35 trillion yen (\$287 billion) of government bonds by the

end of the fiscal year March 31 and said they were selling well and at low yields.

Eisuke Sakakibara, the deputy finance minister for international affairs, suggested that the downgrade raised more questions about the credibility of Moody's than about Japan's. "Personally, I think if Moody's continues to behave like that, the market evaluation of Moody's will go down," he said.

Major credit-ratings concerns have been criticized for failing to spot the poor credit quality that is at the core of Asia's problems, and several commentators dismissed the statement accompanying the Moody's downgrade as little more than a recitation of views expressed by others.

But some saw irony in the indignant remarks emerging from the Ministry of Finance. The ministry and its bureaucrats have long preached the virtues of fiscal austerity, the lack of which was one of the chief reasons underlying the Moody's rating change.

Craig Chandler, an investment strategist at Salomon Smith Barney, said, "The danger is not the direct impact of the rating — so many other things are going on that are affecting the cost of financing — but that the Japanese government is responding in a way that says it's not getting the point."

The markets, however, seemed little affected by the Moody's decision. The Nikkei stock average of 225 stocks sagged 15.27 points, or 0.11 percent, to 14,413.

Moody's Warns on Toyota

Moody's also cut its long-term outlook on Toyota Motor Corp., Japan's largest automaker, to "negative" from "stable." Bloomberg News reported from Tokyo.

The cut in Toyota's rating outlook affects nonyen-denominated borrowings of the automaker and of its California-based finance company, Toyota Motor Credit Corp., and other units. The Moody's outlook on Toyota's yen-denominated long-term debt remains "stable."

Moody's said the change had been due to its decision to lower Japan's ceiling on foreign-currency-denominated debt from Aaa to Aa1 and to maintain a negative outlook on that rating ceiling. Toyota declined to comment.



BOTTOMS UP — Toru Okajima of Asahi Breweries Ltd. drinking from a "steiny," the Japanese beermaker's returnable 334-milliliter glass bottle that can be opened by hand.

People's Bank Reorganized

Agence France-Presse
BEIJING — China's central bank has set up a regional structure along the lines of the U.S. Federal Reserve Board in what analysts said was an effort to limit the influence of local governments.

Instead of having branches in every province and major city, the People's Bank of China will have nine main branches — in Tianjin, Shanghai, Nanjing, Jinan, Wuhan, Guangzhou, Chengdu and Xian.

Chen Piaoru, a finance professor at East China Normal University, said the "main objective" was to give the central bank freedom to "implement its macroeconomic policies."

Some local governments "interfere" with the bank's business and policies, Mr. Chen said, so to develop the local economy, local governments ask it to approve loans or to relax monetary policies.

"Having regional branches will avoid and reduce local government interference," he said. Analysts said the problem was most serious in the southern provinces.

Hong Kong Extends Trading

The Hong Kong Futures Exchange will extend its trading hours by 30 minutes starting Friday to try to head off a challenge from a rival exchange in Singapore, Bloomberg News reported from Hong Kong.

Hong Kong To Merge Its Reserves Into Single Fund

Bloomberg News
HONG KONG — Hong Kong is merging the two main parts of its foreign-currency reserves into one portfolio totaling 946 billion Hong Kong dollars (\$122.17 billion), a move that could give it extra ammunition with which to protect its currency.

The Hong Kong Monetary Authority said Tuesday it was moving 211.4 billion dollars of assets from its Land Fund into the Exchange Fund, the trust set up to hold U.S. dollars to back the 15-year-old peg of the Hong Kong currency to the American one. The Land Fund is a remnant of the last 10 years of British colonial rule, when it received a portion of the proceeds from government land sales.

The change is "more for efficiency than anything else," said Joseph Yam, chief executive of the monetary authority. But with the larger Exchange Fund, he said, "psychologically you've got more reserves backing the currency."

The monetary authority is still working out a strategy for the management of the enlarged Exchange Fund, Mr. Yam said.

He said Hong Kong needed the extra cash as a result of a series of moves in September to strengthen the currency peg.

Mr. Lam said the Monetary Authority might need an enhanced portfolio of foreign reserves, in U.S. dollars, "directly backing" the monetary base.

Mr. Yam said the Land Fund's assets were 13.1 percent in equities — mostly in Hong Kong — 46.2 percent in debt securities and 40.7 percent in cash.

The Exchange Fund had about 20 percent of its assets in equities, including 153 billion dollars of stocks it bought in August to try to drive speculators out of Hong Kong markets. Almost all of the rest is invested in debt securities, Mr. Yam said.

Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225		
11000	1300	17000		
10000	1200	16000		
9000	1100	15000		
8000	1000	14000		
7000	900	13000		
6000	800	12000		
1998	1998	1998		
J A S O N	J A S O N	J A S O N		
Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong Hang Seng		10,148.68	10,296.08	-1.45
Singapore Straits Times		1,235.76	1,241.74	-0.48
Sydney All Ordinaries		2,676.68	2,674.50	+0.08
Tokyo Nikkei 225		14,413.00	14,428.27	-0.11
Kuala Lumpur Composite		484.12	482.02	+0.45
Bangkok SET		344.08	345.18	-0.32
Seoul Composite Index		424.43	422.21	+0.53
Taipei Stock Market Index		7,151.90	7,003.87	+1.83
Manila PSE		1,779.25	1,745.60	+1.93
Jakarta Composite Index		Closed	356.27	
Wellington NZSE-40		1,987.50	1,988.78	-0.56
Bombay Sensitive Index		2,968.80	2,945.40	+0.79

Very briefly:

• Development Bank of Singapore Ltd., Southeast Asia's biggest bank by assets, cut its prime lending rate to 6 percent from 6.5 percent. The reduction is in line with the falling benchmark interbank rate, which has dropped 2.25 percentage points since Sept. 10.

• South Korea's Fair Trade Commission will probe debt-guarantee practices in December, mainly among the country's top five industrial groups, or *chaebol*. The five biggest groups must submit timetables by February on unwinding existing debt guarantees among affiliates by the end of March 2000.

• Shimizu Corp., the biggest Japanese general contractor, posted a parent-company net loss of 152.1 billion yen (\$1.25 billion) for the first half to September, compared with a profit of 2.9 billion yen a year earlier. Sales fell 13.1 percent, to 552.2 billion yen. Shimizu and other top construction companies said they had suffered from falling demand amid the recession at home and signaled a difficult future for their businesses.

• Mondragon International Philippines Inc., a medium-sized property developer, faces closure of its golf-and-casino resort at a former U.S. air base after the government threatened to terminate its lease over the nonpayment of 427 million pesos (\$10.5 million) in overdue rent.

• Macquarie Bank Ltd., the only listed Australian investment bank, said first-half earnings rose 25 percent, to \$0.5 million Australian dollars (\$51.4 million) as it made money helping clients control their exposure to the Asian economic crisis. The bank said it had a 26.6 percent return on equity.

• Thailand does not need to borrow additional funds from abroad, said Chatunongkol Sonakul, governor of the Bank of Thailand. "We should repay debt rather than borrow more," he said. He added that, with capital inflows averaging \$1.4 billion a month, Thailand's foreign-exchange reserves were sufficient.

MARKET: Small Investors Keep Faith

Continued from Page 1

down 25 percent from its peak. After pumping more than \$60 billion into mutual funds from May to July, investors in August yanked out \$11.7 billion, according to the Investment Company Institute.

Friendships were shattered. "One person told me he was sorry he ever met me," said Bill Steiner, a suburban New York investor who had given free advice to neighbors clamoring for a piece of the red-hot market.

The Dow Jones industrial average reached a low for the year of 7,400.30 in Saturday trading Sept. 1, a nearly 21 percent reversal from its closing record of 9,337.97 reached July 17. Stocks went through wide swings in September, with the Dow closing at 7,632.53 on Oct. 1. Stocks then began to rise again, and the mood shifted virtually overnight.

"We're all paid to be skeptics, and we probably see more of the dark clouds on the horizon than the average person. It's the naive response that has been a powerful driver of the recovery."

In mid-October when the chairman of the Federal Reserve Board, Alan Greenspan, announced a surprise cut in interest rates.

Meanwhile, corporate earnings beat expectations, and Democrats, contrary to the forecasts of many, gained seats in the House of Representatives in the congressional election this month, lessening the likelihood that President Bill Clinton will be impeached. That sign of steady political stability in Washington also played well on Wall Street.

Investors came back into the market, at first apparently to look for bargains after the downturn. That helped push the Dow above 9,000 points Monday for the first time since July. The benchmark index closed Tuesday at 8,986.28, down 24.97 points.

Mr. Steiner added the stocks of Motorola Inc. and Morgan Stanley Dean Witter to his portfolio.

But many investors left their bull-market-built complacency behind. Major money managers and dabbling day traders alike are highly skeptical that the market can maintain its course, pointing out that the world's problems are not over.

Further, the rise in the Dow has sparked damage elsewhere by reflecting gains in the stocks of a handful of large corporations and failing to reflect the fortunes of smaller shares that have not budged from declines of as much as 50 percent.

Byron Wien, chief investment

strategist for Morgan Stanley Dean Witter, said, "There is a lingering feeling among portfolio managers that unfinished business of the bear market is ahead of us."

The market has become so unpredictable that investors are flocking to seminars for riding a rocky market, and a new breed of psychiatrist who deals with financial issues has emerged.

"The market is manic-depressive," said John Schott, a Harvard University professor who divides much of his time between managing money and treating patients on money matters. In a recent book, "Mind Over Money," he outlines three phases of the bear market. Anxiety and fear, the first, came in August, he said. Now the market is in Phase 2: panic. Next, he said, will be despair.

"If my theory is correct, we're going to see a retesting of the lull of October and maybe even below," he said.

The volatility has been fueled by a dichotomy in the makeup of the market. Professionals seeking to salvage their reputations by making quick profits are at odds with many individual investors whose holdings have nearly tripled since 1993, to \$3.3 trillion, as the proportion of U.S. households in the stock market has grown to one-third from one-quarter.

In a national survey late last month of customers of Charles Schwab Corp., 92 percent said they still believed the stock market was the best place for long-term investing. Similarly, 70 percent of people polled by the Mutual Fund Education Alliance said they had not changed their portfolio strategies since August.

"I did not push the panic button during the meltdown," said Tom Bass, a Missouri grain farmer. Instead, he said, he used Web TV to pick up some bargains and padded his portfolio with stocks he could not have afforded before, such as America Online Inc. and Starbucks Corp. Mr. Bass said he had tripled his money since he began investing four years ago, after reading the book "One Up on Wall Street" by the investment adviser Peter Lynch.

But many professional money managers are worrying aloud that once stocks recover their values, people will get out of the market.

"We're all paid to be skeptics," Mr. Tesin of T. Rowe Price said, "and we probably see more of the dark clouds on the horizon than the average person. It's the naive response that has been a powerful driver of the recovery."

Betsy Roselli, head trader at Black & Co. in Portland, Oregon, said many of her customers were buying low and riding the market but intended to get out. "There's a greedy, 'Quick, Pa, let me make some money' mentality," she said.

That was evident, she said, when the initial public offering for Theglob.com Inc. opened Friday at \$9 and hit \$97 immediately before retreating to \$63.

"It's freaky," she said. "It may be going up, but it's panic all the same."

Under U.S. Rules, NTT to Report A Half-Year Loss

Bloomberg News
TOKYO — Nippon Telegraph & Telephone Corp. will report its first-ever half-year group net loss based on U.S. accounting rules as Japan's largest telephone company takes a 462 billion yen (\$3.8 billion) charge from pension fund shortfalls and other expenses, the company said Tuesday.

The noncash charge mirrors write-offs taken earlier by regional Bell telephone companies in the United States and comes as government moves to open Japan's telecommunications industry start to hurt NTT's business.

"The convergence of competition, technological change, actual and potential regulatory and legislative actions and other factors are creating open and competitive markets," NTT said in a filing with the U.S. Securities and Exchange Commission.

The charge will not be reflected in earnings that NTT prepares under Japanese accounting standards, which are less rigorous than those of the United States. NTT, which will release group earnings under Japanese standards Friday, does not forecast semiannual group profit.

NTT is required to post earnings using U.S. accounting procedures and to meet SEC requirements because its American depository receipts trade in the United States. The differences in accounting standards often produce different results.

TIME: Issue's Sole Advertiser Briefs Editor

Continued from Page 13

about children was sponsored by Johnson & Johnson, the eighth-largest advertiser in consumer magazines. According to a former Newsweek staff member, who insisted on anonymity, Johnson & Johnson executives and Newsweek editors attended planning meetings for the special issue.

E. Bruce Hallett, president of Time magazine, said Mr. Seaman "certainly went over there and outlined the conception of the editorial proposition, about which we are very enthusiastic, of course. That's part of doing a good job for any advertising customer."

"Conceptually, it's not different from putting Walter into a roomful of advertisers to talk about the magazine," he said. "The editorial is a core part of what we are selling to the advertising community."

Why do a single-advertiser issue at all? Why not a line in a multitude of advertisers?

"I think in the business of advertising," Mr. Hallett said, "an advertiser wants to draw attention to itself, and I think that these issues obviously telescope that kind of effect. So I think for

EURO: Dollar Faces a Challenge in Asia

Continued from Page 1

Should some of these imbalances get redressed after January, there is plenty at stake.

If the euro gains in value against the dollar, central banks would prove to be big buyers of bonds denominated in euros, analysts said. That could put serious pressure on the value of the dollar, because there would be lower demand for U.S. Treasury bonds and therefore less demand for buying dollars.

The dollar could then fall, bringing renewed inflationary pressure, which itself could reduce the likelihood of further cuts in U.S. interest rates next year. Of course, there would also be benefits to a cheaper dollar, which would tend to make American products more competitive on foreign markets and thus be likely to increase exports.

While they see it as a possibility, though, many analysts say they do not expect an overnight movement into euros in the weeks after the debut of the euro Jan. 1, when individuals and businesses will be able to start using the euro for check, credit-card and financial transactions. The introduction of the physical currency will come two years later.

"Central banks in Asia tend to be much more conservative" than their counterparts in Europe, said Ma Guonan, an economist at Salomon Smith Barney in Hong Kong. As a result, he said, they might decide to wait a few months to see how the euro fares before undertaking major shifts in their reserve currencies.

On Nov. 1, Leon Brittan, vice president of the EU Commission and one of a series of EU officials recently in China to help talk up the euro, said Beijing would convert a "serious amount" of its \$141 billion in foreign-exchange re-

serves in 1999 from dollars to euros.

It is clear that in 1999 and beyond, Europe's money will play a greater role in Asian finance, as the European bloc begins trading in a currency that will be far more liquid than the individual European currencies are today. Governments in Asia, which today might not look closely at lending in Irish punts or Spanish pesetas, may well decide to buy Irish or Spanish bonds denominated in the same euros used by France and Germany.

As for companies and governments in Asia looking to issue new debt, "everybody's going to be looking to fund in the euro," said the head of origination at a European bank in Tokyo.

"The Japanese want to issue into the euro," he said. "People want to make use of this new megamarket."

The euro may start slowly, he said, but a few large issues from supranational agencies such as the World Bank could give a major lift to confidence in the currency.

In fact, it is the bond market that could lead the way for a shift of central bank reserves. The changeover may not come so much in the shift of cash but rather in purchases of euro-denominated bonds with the proceeds of maturing dollar bonds, as well as with cash that is continuing to roll into central banks of Asian countries that are running current-account surpluses.

The United States is not the only country at risk in the event of a strong euro, however. Should the euro really take off, there is a danger that the much larger, more liquid capital market that results could suck investment into Europe at the expense of Asia, according to David Carse, deputy chief executive of the Hong Kong Monetary Authority.

"There must also be at least a possibility that closer integration of the EU could make it more self-contained and inward-looking," Mr. Carse said in a speech in Hong Kong last week. "Intra-EU trade could increase, while that with the rest of the world and Hong Kong could diminish."

In the first four months of this year, he said, Japan sold a net \$2.1 billion in stocks and bonds in Asia but bought \$9.9 billion in European securities. If this trend continues, he said, "extended diversion of capital to Europe would undermine Asia's growth prospects as well as Hong Kong's position as an international financial center."

Japan has also been aware of the problems linked to a strong euro. On Sunday, the chairman of the Fuji Research Institute, Toru Kusukawa, said Asian countries should peg their currencies not primarily against the dollar, as has been the case for years, but to a three-tier basket of currencies made up of the dollar, the euro and the yen, according to Agence France-Presse.

Japan may also be waking up to the fact that a move away from dollar funding in the bond markets would give it an opportunity to increase the disproportionately tiny amount of yen-denominated debt in the world's reserves.

A government task force that advises the Japanese finance minister said recently that the government should consider eliminating a series of withholding taxes on Japanese government paper.

Hyundai Says Price of Kia May Creep Up

Bloomberg News
SEOUL — Hyundai Motor Co. said Tuesday that it might have to pay as much as 6.5 percent more than it had expected to pay to take over Kia Motors Corp. after discovering more debt at the insolvent carmaker.

Hyundai originally agreed to pay 1.17 trillion won (\$888.8 million) for 51 percent of Kia and its Asia Motors Co. unit. It also agreed to assume a total of 6.6 trillion won in debt, including debts incurred after the company was placed in receivership.

Now, Hyundai says Kia has at least 10 percent more debt outstanding than it originally believed, giving it leeway under the terms of its agreement to renegotiate debt write-offs.

"Requests for more debt write-offs seem unavoidable," said Min Kyung Hwan, a Hyundai Motor spokesman. "But it won't mean the cancellation of the planned acquisition of Kia."

Kia creditors dispute Hyundai's assertion. "We will have to find out whether Hyundai's evaluation of Kia assets was objective," said an executive in charge of the Kia sale at Korea Development Bank. Kia's major creditor. "From our own review, the huge gap is not possible."

Bickering about Kia's hidden debt could jeopardize the agreement to sell Kia to a stronger rival and bolster the nation's faltering auto industry.

The two sides are expected to sign a formal contract to complete the acquisition Dec. 1.

For Hyundai, the extra cost could prove prohibitive, some analysts said.

"The acquisition was already a big burden for Hyundai, and now the situation seems to be exacerbating," said Yang Dong Ki, an auto analyst at ING Barings. "Hyundai won't be able to see earnings growth until at least next year."

Kia has been operating under court receivership since it collapsed 15 months ago, helping to trigger a financial crisis that forced South Korea to seek a record \$60 billion international bailout.

The bankrupt company's operations have since been hurt by the lack of management control. Sales dropped 29.6 percent in October, their second-biggest monthly decline this year.

Kia's stock dropped 4.4 percent Tuesday to close at 1,645 won, while Asia Motors' shares rose 1.4 percent to 715. Hyundai Motor's shares rose 2.34 percent to 17,500.

PHARMACEUTICAL INDUSTRY / A SPECIAL REPORT

Mergers Give Industry Boost in Developing New Products

By Conrad de Aenlle

LONDON — To an industry afflicted with excess production capacity, a fragmented market and unforgiving regulatory regimes that put pressure on prices, corporate deal-making has been a useful tonic. The logic of combining operations has been compelling enough to generate more than \$150 billion of mergers and acquisitions among pharmaceutical companies in the last six years.

The factors motivating the deals have varied with the economic and political circumstances confronting the industry, according to officials at drug companies and at the investment banks that bring them together.

"Why deals were once interesting is different from why they are today," said Bob Bradway, head of the health-care investment banking group in Europe for Morgan Stanley Dean Witter.

In the early 1990s, he said, "the perception was that the way to grow business was to add to sales and marketing muscle." In a market so splintered that the leader captures just 5 percent of it, there is more room to grow than in an industry with a dominant participant. The sense was that the best way to boost sales was to boost the number of salesmen, and that the best way to do that was to buy another company rather than to hire them a few at a time.

In mid-decade, President Bill Clinton undertook an overhaul of the health-

care system in the United States, the industry's largest market. The prospect that drug prices would be depressed as managed-care programs became widespread resulted in "price competition for patent-protected products that the industry hadn't seen before," Mr. Bradway said. "There was concern that the industry was bloated and had excess capacity." Again the solution was to merge to try to reduce operating costs.

The Clinton plan did not come to much, but the idea of using government leverage to pressure pharmaceutical companies on prices has made its way to Europe, where state health systems are the norm. Reductions in drug reimbursements mandated in Germany in 1993 depressed sales there, and similar changes are occurring now in Italy.

In the United States, meanwhile, profit growth has picked up and companies are merging to develop and sell new drugs as fast as possible.

"As we finish the decade, what we begin to see again are opportunities for attractive pricing and rapid growth due to new-product flow," Mr. Bradway said. There are two ways that drug companies can achieve this, he said, "innovate with new products, or buy them when they can't generate them on their own."

One trouble with the pharmaceutical business is that when a company does create a drug, the patent typically runs 20 years from its initial development. Considering the lengthy testing and approval process, that does not leave much time to exploit it.

One of the largest deals, the takeover of Wellcome PLC by Glaxo Holdings PLC in 1995, was propelled to a great extent by the approaching expiration of the patent on Glaxo's hugely successful ulcer treatment, Zantac.

"There were a number of factors" behind the acquisition, Martin Sutton, a spokesman for Glaxo Wellcome PLC, recalled. "We saw consolidation in the industry, the threat of the Clinton health-care reforms and the threat to margins in the industry, as well as the recognition that Zantac was a big portion of sales. There were these macro issues plus a very specific issue to Glaxo itself."

In 1994, just before buying Wellcome, Zantac produced more than 40 percent of Glaxo's sales. Given the company's pro-

jection — an accurate one, as it turned out — that sales would fall by up to 90 percent once the patent ran out, a new repertoire of products was desperately required. Wellcome, with strength in respiratory, anti-viral and central nervous system drugs, provided it.

The merger produced other benefits, including cost reductions from cutting 7,500 of the two companies' 60,000 employees.

"We were looking at two big companies with presences around the world," Mr. Sutton said. "In each country you look to have one head office, one sales force," where each had previously had its own.

When the offices were combined, so was research expertise, which enhanced

product development. For instance, Glaxo and Wellcome each had a drug to fight HIV, the human immunodeficiency virus that causes AIDS. Merging them, scientists at the merged company found, produced a cocktail more potent than either of them had had separately.

"In terms of R&D productivity, the number of products going into development is far above what was predicted for the individual companies," Mr. Sutton said.

The deals with the greatest likelihood of success, advised Francois Maisonneuve, managing director for health-care mergers and acquisitions at Credit Suisse First Boston, are those, like Glaxo Wellcome, with little overlap in product ranges.

The 1996 combination of Ciba-Geigy AG and Sandoz AG, which formed Novartis AG, was the industry's biggest deal ever, worth \$63.7 billion. Mr. Maisonneuve said it was particularly effective due to "the fairly complementary forces in the businesses they were in," as well as "the easy cultural mix and the easy M&A regulatory environment" because both companies were Swiss.

A key rationale for SmithKline Beecham Corp. and Beecham Group PLC, which merged in 1989, apart from complementary product ranges, was that they were from different countries, the United States and Britain, respectively.

"SmithKline had extensive market development in the States on the pharmaceutical side and Beecham Group had great strengths in consumer health care outside the United States," said

Alan Chandler, a company spokesman.

The way the deal was structured, as a so-called merger of equals and not a takeover, helped it to go through, he said, because "if you haven't got a situation where employees on both sides are for the merger, it's not going to work."

But SmithKline Beecham is the exception: it was probably the last straight merger in the industry. Takeovers work better, Mr. Maisonneuve said, because they establish a clear organizational hierarchy for the combined company.

"You need an ultimate arbiter," he argued. "In a merger it's much more difficult to be surgical about decisions. It's very difficult to have two CEOs."

Drug companies are huge and the science is tricky, but as corporate entities, he said, they are relatively simple. The largest having "five or six products they need to worry about and five or six countries to operate in." That makes it an easier business than some others in which to put deals together.

Nonetheless, Mr. Maisonneuve said he expected the number of deals to diminish. "The deals that have worked best are when both companies were in a fair amount of pressure in terms of products going off patent and in terms of price pressure in their markets. The environment right now is actually quite benign for pharmaceutical companies. They don't have a huge gun to their heads."

CONRAD DE AENLLE is a writer in London specializing in economics and investment.

EU Weighs Lifting Of Price Controls
Bid to End Market Distortions

By Tom Buerkle

LONDON — After years of steadily rising complaints that tough regulations and price controls were harming the competitiveness of Europe's pharmaceutical industry, drugmakers appear to be gaining ground in their campaign for better treatment.

The European Commission next month is expected to urge national governments to consider lifting price controls on pharmaceuticals, and requiring individuals and private insurers to pick up more of the bill for prescription drugs, in order to maintain the industry's competitiveness and its ability to generate new products.

The recommendations are contained in a draft document that will be discussed at a meeting in Paris on Dec. 7 involving the commission, ministers from the 15 European Union nations and industry executives.

The meeting, the third in as many years, is aimed at tackling problems that stem from the fact that national health-care systems effectively control the price and availability of prescription drugs.

The controls raise questions about citizens' access to modern drugs and industry's ability to finance new products. They also have fostered a flourishing secondary market, known as parallel trade, by wholesalers who buy pharmaceuticals in low-priced countries such as Spain and resell them in high-priced markets like Britain and the Netherlands.

"The most straightforward way to resolve distortions in the single market in pharmaceuticals is for the member states to agree to refrain from setting maximum prices," the commission document states. Although the document acknowledges that parallel trade is undercutting drug company revenues, it rebuffs industry demands for immediate relief, insisting that pharmaceuticals must be allowed to circulate freely inside the Union.

The proposals are controversial and likely to face resistance from governments, which regard their health-care systems as vital national institutions. But industry and commission sources say there are grounds for optimism. Ministers from the 15 EU governments identified the distribution of pharmaceuticals as a problem earlier this year, and said the price of new prescription drugs should be related to their efficacy and cost-effectiveness.

The stakes in the debate are huge. The pharmaceutical industry is one of Europe's proudest success stories. It employs half a million people and turns out 40 percent of the world's pharmaceuticals, worth some 40 billion European currency units (\$46 billion) in 1996.

But the industry's voracious appetite for money to develop and market new drugs, and the public's demand to consume them, has run into a head-on collision with the strapped budgets of national health-care systems. Executives fear that the cash constraints will curb the innovation of an industry that spends 10 billion Euros a year on research and development.

Already the signs of slippage are evident. The commission warns that U.S. companies have overtaken EU ones in patent filings in recent years, while Europe is struggling to catch up in biotechnology.

The question of drug pricing in Europe also threatens to turn into a trans-Atlantic trade dispute, with complaints growing in the United States that Americans are, in effect, subsidizing European health care by paying higher drug prices.

The prospect of EU enlargement is adding urgency to the issue because most East European countries have incomes that are one-quarter of the EU average or lower, and cannot afford to pay EU drug prices.

In its draft document, the commission accepts much of industry's arguments about pricing. It acknowledged that parallel trade has been depressing drug prices across Europe — prices in the Netherlands fell 20 percent on average after the health system changed its pricing mechanism to reflect levels in other EU countries — and that price controls appear to delay the introduction of new drugs into some countries.

According to an industry study of 21 drugs introduced in Britain since 1990, the drugs were launched in Italy an average of 20 months later, in France 39 months later and in Portugal 41 months later. The delays stem from lengthy negotiations over pricing and the willingness of state health systems to reimburse consumers for the drugs.

"European citizens do not get access to modern medicines promptly," said Christie Kimmons, head of government affairs at SmithKline Beecham PLC. The best recent example is the importance of Viagra, which won regulatory approval by the EU in September but still is not available in many European countries because state health systems won't prescribe it or reimburse its cost.

THE commission calls for lifting the remaining price controls on over-the-counter drugs, which represent about 25 percent of the market, but proceeding more gingerly with patented and off-patent prescription drugs, where there often is little competition among suppliers. Even where controls remain tight, it says governments could allow consumers to buy new drugs at market prices outside the state health-care system, especially so-called lifestyle drugs.

Commission and industry officials hope to get a push on the pricing issue in the first half of 1999 when Germany, a country with a large pharmaceutical industry and relatively friendly regulatory tradition, takes over the EU presidency. The stance of the new Social Democratic government is still unknown, however, and moves to ease price controls are likely to take years.

In the short term, the industry is getting little comfort on parallel trade despite lobbying for an easier interpretation of single-market rules by the European Commission. "The commission doesn't have much room to maneuver on that issue," a spokesman said. "We can't restrict the free circulation of goods."

There are two test cases that are keeping industry hopes alive.

Glaxo Wellcome PLC earlier this year notified its intention to set an EU price list for drugs, and then negotiate specific discounts with the state health system in Spain and other countries. The aim is to supply drugs directly to the health system under contract and eliminate the potential for parallel trading. The European Commission is still studying the arrangement.

Bayer AG has taken a different tack, using monitoring techniques to supply only its estimate of the consumer demand for drugs in a country like Spain. The commission opposed the arrangement as a restraint of trade, but the Court of First Instance found in favor of Bayer.

The case is now on appeal at the European Court of Justice.

TOM BUEKLE is on the staff of the International Herald Tribune.

New Biotech Drugs Transform Market
Small Companies Proliferate

By Sharon Reier

PARIS — For followers of last summer's Tour de France, the world's premier bicycle race was a sorry chapter. The competition was virtually ruined as officials discovered that some athletes were using EPO, a biologically engineered drug that stimulates the production of red blood cells, giving athletes a competitive edge.

While EPO may not have the kind of anti-depressant Prozac, the anti-impotence Viagra or the tranquilizer Xanax command, it nonetheless has about \$1 billion a year in sales, and is being sold by companies like Amgen Inc., Genentech Inc., Boehringer-Mannheim GmbH and Johnson & Johnson.

There are other biotech blockbuster drugs in the offing. Genentech, one of the pioneers in genetic engineering, received approval from the U.S. Food and Drug Administration in September for its Herceptin, a drug for treating patients with metastatic breast cancer.

Some 60,000 women a year die of breast cancer in the United States, Eric Hecht, a research analyst at Merrill Lynch & Co. in New York, predicts that the drug, with a price tag of about \$20,000 for a year's therapy, will be a blockbuster. Herceptin has not yet been approved in Europe.

Two drugs. Two vastly different scenarios. But if the sums of money that venture capitalists, stock market investors and large pharmaceuticals are pouring into biotech research and development are any indication, biologically engineered drugs and processes should prove to be the primary source of medical innovation for decades.

In the 16 years since the human insulin drug Humulin, the first genetically engineered drug, was approved, more than 50 biotechnology products have come to market. Currently, there are more than 350 biotech medicines in development, according to the Pharmaceutical Research and Manufacturers of America.

But few small biotech companies will get these therapies to market alone. It takes as much as \$600 million to develop a drug. Thus all but the big biotech companies need the financial muscle and sometimes the regulatory and marketing expertise of the large pharmaceutical companies.

Eckhart Gwiner, communications director at Roche Pharmaceuticals' Research Strategic Unit, estimates that the world market for genetically engineered drugs rose to nearly \$15 billion this year. When less glamorous areas are added, such as biotransformers that reduce pollution, bacteria used in extracting oil and minerals and the bioengineering of plants to make them withstand disease or harsh weather conditions, the bio-

technology industry will generate around \$50 billion in revenues by 2000.

Roche Pharmaceuticals was considered a pioneer in the pharmaceutical industry when it bought a majority share in Genentech in 1990 — a time when there was a lot of skepticism about the industry's future. Roche paid more than \$10 billion to acquire the German diagnostics company Boehringer Mannheim in 1997, making it a world leader in biotechnology diagnostics.

Mike Ward, editor of BioCentury, a newsletter that tracks biotech companies, said the number of European biotech companies rose from 716 in 1996 to 1,036 by the end of 1997, the last year for which figures are available.

"We are still seeing company formations," he said, "although not quite at the same rate." Mr. Ward said the number of people employed in the industry in Europe rose 42 percent in 1997 to 39,000. Money invested in research and development at European biotech companies rose to just under 2 billion European currency units (\$2.3 billion), up from 1.5 billion Euros in 1996. And industry revenues grew 60 percent in Europe, versus 20 percent in the United States.

In part, this is due to government policy. The United States has long encouraged biotechnology research and development through the National Institutes of Health and the support of technology transfer offices at universities. Now European countries are doing the same. Fostered by a government program to create biotech companies,

Mr. Ward described a surge in Germany's biotech industry. "There are more biotech companies being formed in Germany than anywhere else put together," he said.

If companies are proliferating, so is the amount of information available to jumpstart innovation. This is a result of bio-informatics, a marriage of biotechnology and computer science. The discipline is creating so many new avenues of research that no single company can follow them all.

So voluminous is the data from bio-informatics that SmithKline Beecham PLC, the pharmaceuticals giant, is collaborating with companies like Schering-Plough Corp., Synthelabo of France and Takeda Chemical Industries of Japan.

According to Alan Archer, the communications chief for research and development at SmithKline Beecham, the company already spends more than half its \$1.2 billion R&D budget on genetically engineered therapeutics. "We are examining as many as 150 potential therapies," he commented. "But we have so much data, we can't possibly work on all the information on our own."

SHARON REIER is a freelance journalist based in Paris.

By Brian Knowlton

WASHINGTON — Until last year, pharmaceutical companies wishing to advertise on radio or television faced an odd conundrum.

The U.S. Food and Drug Administration would not allow them to run ads that stated both a drug's name and its purpose unless they included detailed information on risks and side effects. That was impractical in a 30- or 60-second ad.

The result was often surreal ads. For instance, one for Allegra stated: "This year, go far afield. Because this year, there's Allegra... So live with abandon." Many consumers were left puzzled as to the real nature of Allegra, an antihistamine.

Similarly, some women who had seen an ad for Claritin — "At last, a clear day is here" — actually asked their gynecologists whether they needed it. Claritin, too, is an antihistamine.

Partly in response to such confusion, the FDA issued new guidelines on the advertisement of prescription drugs — "guidance" in agency terminology — in August 1997.

Companies henceforth would be allowed to mention both the name and purpose of a drug, as long as the ads included information about the major risks and side effects, and told consumers how to obtain more detailed information.

Soon, Schering-Plough Corp., the maker of Claritin, was able to run ads that said: "Only one tablet means 24-hour, nondrowsy, seasonal allergy relief."

FACED with the need to recoup enormous investments on research and development and to promote the larger number of drugs being introduced in the market, the drug companies have dramatically expanded their consumer-targeted advertising — something that did not even exist before the early 1980s.

"This category of advertising, in general, has been extremely hot," said Lynn Fava, a senior analyst with the New York-based Competitive Media Reporting, which tracks advertising activity. She said she would be "absolutely stunned" if total ad sales for brand-name drugs did not top \$1 billion this year. That would be roughly a fourfold increase in just four years.

In the first nine months of 1997, U.S. pharmaceutical sales rose 12 percent, to \$69.4 billion. One-third of the recent growth has come from products placed on the market within the past two years.

However, not everyone is happy. Consumer advocates, and some scientists and medical professionals, say that ads that target consumers can be incomplete, overly technical and confusing.

"The industry claims a 60-second TV spot empowers consumers to make informed decisions about their drugs," said Larry Saich, a pharmacist with the Public Citizen Health Research Group, a consumer advocacy organization in Washington. "But the summaries they provide are written for health professionals. A lot of background knowledge is assumed."

Consumer groups also say the broadcast ads encourage people to demand drugs that they might not need, and that some doctors may prescribe them rather than offend or disappoint their patients. "It's a big myth to say that physicians serve as adequate gatekeepers to protect consumers," Mr. Saich said. "Some new drugs end up outselling better-known older drugs with better safety profiles solely because of the advertising campaigns."

There is some circumstantial evidence on how patients and doctors re-

spond to advertising. Scott Levin, a Pennsylvania-based consulting firm that follows the industry, surveyed patients who had asked their doctors for the popular and highly advertised mood-managing drug Prozac. In 92 percent of the cases, the survey found, the doctors provided it.

The figure alone is meaningless without case-by-case review. But as critics point out, Prozac is prescribed far more often by primary-care physicians, who generally lack specialized mental health training, than by psychiatrists.

The pharmaceutical industry and physicians' groups concede that some doctors may overprescribe. "But most doctors do the responsible thing," said Jeff Trewitt, a spokesman for the Pharmaceutical Research and Manufacturers of America, a trade group. "And we believe strongly, based on anecdotal evidence, that in most cases patients respect the recommendations of doctors."

The industry holds that there are benefits to ads that encourage people with real medical problems to seek help.

At least some consumer advocates agree. The National Consumers League says it expects TV ads will lead to more patient communication with physicians, not less.

An FDA spokeswoman, who asked not to be named, said that argument has some merit. "Anything that gets the patient in to see the doctor is not necessarily bad," she said.

But some consumer advocates complain that, even when information on risks and uses of drugs is made available to patients, it is not always in understandable form.

The Food and Drug Administration is reviewing ways to ensure that industry provides "understandable" information. The agency does monitor ads for fairness and completeness and to ensure that claims are scientifically supported.

The FDA spokeswoman said that companies are advised, though not compelled, to clear advertisements with the agency in advance. Companies found to have aired false or misleading ads will receive a so-called untitled letter from the agency, or more seriously, a warning letter. Beyond that, the agency can seize affected products or enjoin the use of promotions. Most companies comply willingly. The agency is expected to issue a revision of its 1997 guidelines in coming months.

It will not hear many complaints from the drugmakers, according to Mr. Trewitt. "From an industry standpoint, we think the new rule makes sense," he said.

Skyrocketing ad expenditures reflect that. In 1994, total ad spending on prescription drugs was \$223.8 million, Mr. Fava said. Last year, as the new guidelines were taking effect, it shot up to \$648.8 million. And this year, the total is expected to be between \$1.1 billion and \$1.2 billion.

Growth of television advertising alone has been even more dramatic. From \$6.6 million spent on network TV advertising in the 12 months from August 1994 to July 1995, the total rose to \$260.6 million from August 1997 to July 1998. The TV share of the total advertising dollar rose from 2.6 percent to 25.8 percent in that period. The largest category of advertising remains magazine ads, which rose from \$164.7 million to \$448.2 million in the same period.

BRIAN KNOWLTON is on the staff of the International Herald Tribune.

World Roundup

Korean Gymnasts Test Positive

GYMNASTICS The South Korean women's artistic gymnastics team has been withdrawn from next month's Asian Games after four competitors failed drug tests, officials said Tuesday. The four tested positive for furosemide, a banned diuretic that promotes weight loss. (Reuters)

Dr. Karlheinz Graff, the chief doctor for the German athletics team, said two athletes had asked him for plasma that can be used to fight blood thickening that can be a result of using EPO, a synthetic hormone that stimulates the production of oxygen-carrying red blood cells. (AP)

Youth Coaches Charged Over Bribes

SOCCER Prosecutors have charged 29 South Korean officials with corruption, including the head coach of the national youth team, officials said Tuesday. Others charged include coaches for high school and university teams. News reports said a referee was charged with match rigging, but the report could not be confirmed.

More than 10 parents of youths who allegedly bribed coaches to get their sons into college teams or to play in certain matches are also under investigation.

Park Sang-in, a former top player in South Korea, was allegedly charged with accepting a total of 22 million won (\$16,730) on 12 different occasions while coach of a high school team in the southern city of Pusan. (AP)

Star French Stiker Papin Retires

SOCCER Jean-Pierre Papin, the 35-year-old striker who played 54 times for France, has retired. Papin's clubs included Marseille, AC Milan, Bayern Munich, Bordeaux. He scored 326 goals. (AFP)

Bayern announced a record annual turnover of \$123 million dollars, a rise of \$20 million on the previous year. Profits rose from \$9.4 million to \$9.9 million. (AFP)

Lockout Means No Jam for NBA Fans

BASKETBALL The National Basketball Association lockout has claimed another casualty as the NBA canceled the Jam Session, a five-day fan event scheduled that precedes the All-Star Game. But the game, scheduled for Philadelphia on Feb. 14, has not yet been postponed.

Michael Olowokandi, the overall No. 1 draft pick in the NBA draft last June, says he will go to Europe to play if the lockout lasts another week or two. (AP)

Men's Teams Told to Wear Tight Clothes

VOLLEYBALL Seven men's teams at the world championships in Japan — including Italy, the defending champion, and the United States — were fined \$3,000 each for ignoring the sport's new dress code.

During the women's event, which ended last week, five teams were fined for refusing to wear skintight, swimsuit style uniforms.

FIVB, the sport's governing body, said the men's outfits, "do not comply with the FIVB uniforms standards for international competitions. The shirts are too loose and do not fit the body." (Reuters)

Australia Debates: Should Girls Box?

The Associated Press

GOLD COAST, Australia — Zowie Norford, age 11, took about 45 seconds to defend her Australian Amateur Boxing League title on Tuesday. But it will take the controversy surrounding her appearance in the ring longer to die down.

The schoolgirl from Ipswich, Queensland, danced and threw enough rights against 12-year-old Veronica Cameron of New South Wales to prompt the referee to stop the fight and award Norford her second Australian sub-junior 39-kilogram (86-pound) title.

But whether she will be able to continue in the family sport in Queensland, let alone Australia, is in doubt. Prompted by the Australian Medical Association and Health Minister Wendy Edmund, the premier of Queensland, Peter Beattie, said Monday that his government would consider a ban on boxing for those under the age of 18. The state of New South Wales has banned boxing for women, and the federal government is considering a ban.

"I should be able to fight," Norford said. "It keeps me fit." She has been boxing for two years. Seven of her uncles have been boxers.

The A.M.A. is the only amateur group in Australia which allows female boxing after breaking away from the Amateur Boxing Union of Australia 12 years ago. The A.B.U. refuses to allow women or girls to fight.



Jean Currie, left, and Tiara Kelly preparing to fight. Australian doctors have called for a ban on girls' boxing.

Hooligan Threat Overshadows German-Dutch Match

International Herald Tribune

European Soccer/ROB HUGHES

GELSENKIRCHEN, Germany — The long, dark nights of winter, and the darker elements that soccer for all its glory attracts, are inescapably back with us.

Winter in Gelsenkirchen, on the industrial banks of the Ruhr, can be as bleak as anywhere in Europe, and when those old foes, Germany and the Netherlands, come to play a "friendly" on Wednesday night in the neglected Parkstadion, they bring with them inevitable foreboding.

Friendly competition does not exist between these neighbors and hasn't since World War II. That is why, for a match on which nothing rides but pride, the security forces are mobilizing 1,000 men, some of them specially trained Dutch troops, to keep the peace between 37,000 German ticket holders and 8,000 Dutch.

"We assume that violence-prone fans will come to Gelsenkirchen," said Ulrich Grzelka, the officer in charge. "We hope there will be no escalation."

His forces will be out in the cold, where the chill wind seeps into the hardest of people and where snow flurries started Tuesday. Courts have been conveyed to meet on immediate justice.

Germany is right to be on its guard. The Lens policeman kicked senseless by German thugs at the World Cup last June, the UEFA official hospitalized by a firecracker

in Salerno last month, the terrifying outbreaks of violence in southern Poland and, not least, the inflamed attitudes of Dutch and German hooligans whenever soccer brings them together demand vigilance.

It is a year since a young Dutchman was killed "by appointment" when fanatics attaching themselves to the rival clubs Ajax and Feyenoord arranged a meeting by mobile phone on a neutral ground. Their mission was to fight, and one died.

UEFA has rightly, perhaps even leniently, banned Wisla Krakow from European competition for a year after a kitchen knife, thrown by one of its supporters, struck Dino Baggio, a Parma player, in the head.

Fortunately, he was not blinded or killed. No one really knows what possesses a young man to carry a deadly weapon into a place presumed to be for family entertainment and then to hurl it with criminal recklessness at a player. Bitterness over soccer stars earning so much money? Subhuman aggression?

We have tried for decades to fathom the deadly violence in soccer stadiums, but military style policing — such as that which is turning the Parkstadion here into a police zone — brings only a lull before another outbreak of violence.

Anticipating it, as Gelsenkirchen police are trying to do, is only half

the battle. The criminals are cunning; they want bloodshed, and they rationalize nights such as Wednesday as their moment to do their duty and settle old wars.

England bears a terrible onus, and has paid terrible prices, for breeding soccer hooliganism. It has built sporting palaces — as indeed Gelsenkirchen is about to do with a 385 million Deutsche mark (\$232 million) stadium due to open in 2001 — and included closed-circuit television surveillance that in a truly civilized environment would constitute an affront to public rights.

Yet warnings count for little. The Polish police apprehended the knife thrower, but two weeks later three policemen were hurt and a 21-year-old fan was shot by a policeman who was defending himself against an assault with stones and baseball bats.

Meanwhile, in the Parkstadion, an ugly throwback to uninviting stadiums of old, the game itself between the Germans and the Dutch pits old against new. Germany's power in soccer has withered and it is hard to see how the witch-burner removed Bert Vogts as trainer and put in his head a 61-year-old retired coach will turn things around.

I admire longevity and respect experience. But not as much as Erich Ribbeck, the "new" hunderstrainer does. His way of stabilizing

Germany is to bring back Lothar Matthaus, who at 37 is two years older than Frank Rijkaard, the Dutch national team coach.

Ribbeck has also persuaded Andreas Moller, 31, to try out his erratic skills in the playmaking role. So at the heart of defense and in the creative center, Ribbeck bows to a lack of youth. He is not alone. Across the Ruhr, Borussia Dortmund, Moller's club, has rehired Julio Cesar, a 35-year-old Brazilian.

Cesar had decided that his European days were over and had gone back home to the sunshine. But his pay check from Borussia was not forthcoming and, symbolizing the bankrupt state of German club soccer, Dortmund has offered him a pay-as-you-play return. So, Cesar, he comes to this!

Julio Cesar blocks the development of a German libero. Matthaus collects his 130th cap and does the same. Moller makes a reluctant return to the national team because his coach can think of no one else, one younger, to lace Germany's attack with flair.

There is bickering (now there's a surprise) in Germany's camp over the system, the style and the personnel. Ribbeck has no option but to take the criticism and to point out that German style has endured longer than any other.

A man young enough to be his son is fashioning the Dutch team. Rijkaard, sipped playing at 31,

choosing to leave fans with memories of his prime. He comes into coaching with a fresh eye — some say an untutored one given that he never apprenticed to the job.

While Ribbeck selects cautiously, Rijkaard, in his third march as a coach, pitches Ruud van Nistelrooij, a young striker with just one season of top-level play behind him, into the "shadow" position that Dennis Bergkamp usually occupies behind Patrick Kluivert. Nistelrooij, last season of Heerenveen, now of PSV Eindhoven, is in effect being told: "There are the Germans, son, the champions of our continent; go and score against them."

Nistelrooij versus Matthaus. Hope against experience. Youth against age. It will be interesting.

Rob Hughes is chief sports writer of The Times of London.

Clubs Approve UEFA's Plan

Fourteen of Europe's leading clubs approved Tuesday UEFA's proposal for a "32-team European Champions' League" to start next season. Reuters reported from Madrid.

The clubs, meeting in a Madrid casino, then warned UEFA, the governing body of European soccer, that they want a larger share of the revenues from the competition. The clubs set up a committee led by Lorenzo Sanz of Real Madrid and containing representatives from AC Milan, Bayern Munich, Olympique Marseille and Porto to negotiate.

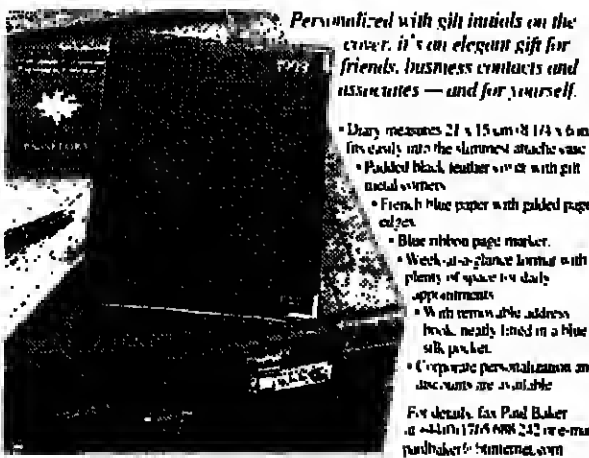
The IHT Desk Diary For the time of your life.

Half your life's story — or even more — is inscribed on the pages of your desk diary. Yet when you travel or go to meetings, most desk diaries are too cumbersome to take along.

That's why the International Herald Tribune — constantly alert to the needs of busy executives — had this desk diary especially designed for its readers. Bound in luxurious silk-grain black leather, it's perfect on your desk, offering all the notepaper of any standard desk diary. Yet pick it up and you'll find it weighs a mere 400 grams (14 oz.).

No voluminous data and statistics are included in this diary, but on the other hand a renewable address book saves hours of re-copying from year to year.

Please allow three weeks for delivery.



Please send me 1999 IHT Desk Diaries. Price includes initials, packing and postage in Europe: 1-4 diaries UK £35.50 (U.S.\$58) each INITIALS 5-9 diaries UK £33.20 (U.S.\$54) each 10-19 diaries UK £29.10 (U.S.\$48) each

☐ Additional postage outside Europe £7 (U.S.\$11.20).

☐ Check here for delivery by recorded or certified mail: £5.75 (U.S.\$9.20) per package plus postage.

Payment is by credit card only. All major cards accepted. Please charge to my credit card:

☐ Access ☐ Amex ☐ Diners ☐ Eurocard ☐ MasterCard ☐ Visa

Card No. _____ Exp. _____ Signature _____ Name _____ Address _____ City/Code _____ Country _____ Company EU VAT ID No. _____

Herald Tribune
Mail or fax this order form to: International Herald Tribune Offices, P.O. Box 35, Ripon, North Yorkshire HG4 4YU, U.K. Fax: +44 (0)1765 688 242 E-mail: paul.baker@btinternet.com



Blind New Zealand players claiming a wicket Tuesday.

In This Cup, the Crack of the Bat Counts

Agence France-Presse

NEW DELHI — The first World Cup cricket for the visually impaired opened Tuesday in New Delhi with the rattle of plastic balls, oozy action on the field and underarm bowling.

The players, attired in colorful clothing, displayed the same fiery competitive spirit and appetite for theatrical appeals to the umpires as the game's international stars.

Teams from seven elite cricket-playing nations — England, Australia, New Zealand, South Africa, India, Pakistan and Sri Lanka — are taking part in the 10-day event, the first international tournament of its kind.

Not all the players are blind. Rules allow teams to field three players who are partly blind, or with 20 percent vision, and four partly sighted, or with 40 percent vision, along with four who are blind.

The only concession afforded to the blind is that they can use the help of runners while batting. But blind players are required to bowl at least 16 of the

team's allotted 40 overs in each match. Batsmen and fielders rely wholly on the noise from pebble-filled plastic balls, but that does not hinder fluent strokes and spectacular catches.

"I know it's a boundary the moment the ball strikes the middle of my bat," said Chris Backstrong of Australia, a partly blind batsman who scored a half-century in the opening match against New Zealand. He compared himself to two stars of the Australian national team.

"I've heard guys like Mark Waugh and Ricky Ponting say the same thing, so I must not be a bad player at all."

Novel tactics are part of the game. The New Zealanders posted three blind players side-by-side to form a barricade at the position known as the silly point, because it is so close to the batsman that fielders who stand there are considered foolish.

"It's a master stroke," a supporter said. "These players may not be as effective in the deep. Here they form a wall to stop strokes."

The three players are protected by helmets and chest and abdomen guards, although serious injury is ruled out since the balls weigh only 3.5 ounces (100 grams). The normal cricket ball weighs 5.5 ounces.

The rules are the same, except that the bowler asks the batsman "ready?" and bowls underarm only after the batsman has replied "yes."

The difference between blind players and players who can see becomes evident when the game balls suddenly as a roadside band strikes on popular Indian film music at a marriage ceremony outside the field — and none of the players can hear the sound of the ball.

Anil Kumble, a test batsman from India, said it must be frustrating to play a lovely shot and not be able to see the result.

"Most batsmen I know love to watch the ball racing to the boundary and then see television replays," he said.

Each team plays the other once in the round-robin league, with the top four advancing to the semifinals.

SCOREBOARD

ICE HOCKEY

NHL Standings					
EASTERN CONFERENCE					
ATLANTIC DIVISION					
	W	L	T	Pts	GF
New Jersey	9	6	0	18	33
Pittsburgh	7	4	1	15	38
N.Y. Islanders	8	9	0	16	43
Philadelphia	6	6	4	16	41
N.Y. Rangers	4	7	5	13	28
NORTHEAST DIVISION					
	W	L	T	Pts	GF
Toronto	9	6	2	20	56
Buffalo	7	3	1	18	40
Boston	6	7	4	16	40
Ottawa	6	6	3	15	41
Montreal	6	8	2	14	44
SOUTHERN DIVISION					
	W	L	T	Pts	GF
Carolina	7	7	3	27	43
Florida	6	5	3	25	41
Tampa Bay	6	7	3	23	40
Washington	5	7	3	23	41

FOOTBALL

Carr, Krumpholtz		C-Bare 7	Anytown	5	5	0
Carr, Krumpholtz		C-Bare 7	N.Y. Giants	3	7	0
Carr, Krumpholtz		C-Bare 7	Philadelphia	2	8	0
Carr, Krumpholtz		C-Bare 7	Washington	2	8	0
CENTRAL						
Carr, Krumpholtz		C-Bare 7	Minnesota	9	1	0
Carr, Krumpholtz		C-Bare 7	Green Bay	7	3	0
Carr, Krumpholtz		C-Bare 7	Tempe Bay	4	6	0
Carr, Krumpholtz		C-Bare 7	Chicago	3	7	0
Carr, Krumpholtz		C-Bare 7	Detroit	3	7	0
WEST						
Carr, Krumpholtz		C-Bare 7	Atlanta	8	2	0
Carr, Krumpholtz		C-Bare 7	San Francisco	7	5	0
Carr, Krumpholtz		C-Bare 7	New Orleans	5	3	0
Carr, Krumpholtz		C-Bare 7	St. Louis	3	7	0
Carr, Krumpholtz		C-Bare 7	Carolina	1	9	0

BASKETBALL

182	222
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	169
100	1

SPORTS

Davenport Is Sure Of No. 1 Ranking

As Spirlea Ousts Sanchez-Vicario In Chase, Hingis's Bid Is Foiled

NEW YORK — Nathalie Tauziat, the eighth seed, beat Natasha Zvereva, 6-3, 6-1, on Tuesday to gain a place in the quarterfinals of the Chase Championships, the WTA Tour's season-ending tournament at Madison Square Garden.

The \$2 million tournament began Monday with the defeat of two seeded players from Spain. Irina Spirlea of Romania eliminated Arantxa Sanchez-Vicario, the No. 4 seed, 7-6 (8-6), 6-1. Dominique Van Roost of Belgium beat Conchita Martinez, the No. 7 seed, 7-6 (9-7), 6-2.

Spirlea's victory ensured that Lindsay Davenport would finish the year ranked No. 1 in the world.

Only Martina Hingis had a chance to catch Davenport in the rankings. To do so, she had to win the tournament while beating the highest-ranked player she could possibly meet in order to gain additional bonus points. But with Spirlea's elimination, Sanchez-Vicario, Hingis cannot earn enough points to overtake Davenport.

Tauziat had played Zvereva on center court at Wimbledon, where Tauziat rallied for a hard-fought, three-set victory on her way to her first Grand Slam final.

Their match Tuesday featured a lot of points but little excitement as Zvereva could not do enough to create problems for the French veteran. Tauziat kept hitting Zvereva's backhand, a tactic that worked repeatedly.

Tauziat got the first service break, in the sixth game of the first set as she took a 4-2 lead. That was followed by two more breaks, giving Tauziat a 5-3 lead. She closed out the



Four Broncos' defenders piling on to stop the Chiefs' ball carrier, Bam Morris.

Brister to the Rescue Again As Broncos Stay Undefeated

By Leonard Shapiro
Washington Post Service

KANSAS CITY, Missouri — Bubby Brister, the backup quarterback, came to the rescue again as the unbeaten Denver Broncos scored two quick first-quarter touchdowns and never allowed the staggering Kansas City Chiefs to threaten what is now a 10-0 start.

The Broncos kept alive their dream of an undefeated season with a 30-7 victory on Monday night. Never mind that John Elway, the starting quarterback, was not in uniform because he is still suffering from sore ribs. He was hardly missed, especially after Brister dashed 38 yards on a bootleg touchdown less than three minutes into the game to lay the groundwork for the victory, the Broncos' 15th straight over two seasons.

The Chiefs, once considered Super Bowl contenders, are moving in the wrong direction. With a nonexistent running game, a weak short passing attack and dropped passes and some dirty play in the end, they lost their fifth straight. Kansas City drew five personal foul penalties on one fourth-quarter Denver drive, three on the linebacker Derrick Thomas.

"He just lost his mind," said Denver's tight end, Shannon Sharpe.

Already the most penalized team in the National Football League, the Chiefs will maintain that dubious distinction with 13 infractions for a total of 137 yards. They also gained only 62 yards rushing against a Denver defense that gets more proficient every week. Meanwhile, the Bronco running back Terrell Davis gained 111 yards before leaving late with blurred vision.

"I've been disappointed, and I've been frustrated, but I have to tell you I'm embarrassed and I'm humiliated," said Marty Schottenheimer, the Chiefs' coach. "The way we permitted the fourth quarter to go is as great a disappointment as I've ever had in my coaching experience. I'm apologizing to you, the community, because I'm embarrassed."

The Chiefs were counting on a sellout home crowd at Arrowhead Stadium and the emotional return of the retired star running back Marcus Allen to get their season back on track. Allen was honored in a pregame ceremony, but the Chiefs might have been better off giving him a uniform and sending him in.

Rich Gannon, the Kansas City quarterback, demonstrated that it doesn't matter who starts at that position. He became No. 1 when Schottenheimer, bowing to public and media opinion and Elvis Grbac's 0-4 record as a starter, decided to switch last week.

Gannon had a chance to get his team to within eight points midway through the fourth quarter, but Andre Rison and Derrick Alexander both dropped potential touchdowns passes in the end zone, and Gannon tripped over his own feet on fourth down to kill the Chiefs' final threat. Then the game degenerated, with the Chiefs throwing elbows, grabbing at face masks and trying to pick fights all over the field.

"It's always tough to play in this environment," said Mike Shanahan, the Bronco coach. "Any time you have two teams fighting as hard as they are, tempers are going to flare. You don't like to see it, but that's the nature of the game."

A victory next week against the Oakland Raiders would tie the Broncos with the 1991 Redskins and '84 Dolphins for the third-longest winning streak from the start of the season. The '72 Dolphins are the only team to go 17-0 in a season.

Shanahan's decision to sign Brister (13 for 23, 180 yards), a career journeyman, in the offseason, continues to pay dividends. Brister is 4-0 as a starter in relief of Elway, and has helped win two other games coming off the bench.

Raiders' Cornerback Sidelined

Eric Allen, one of the major reasons the Oakland Raiders have gone from the National Football League's worst defense in 1997 to one of its best this year, will miss the rest of the season with a torn ligament in his left knee. The Associated Press reported from Oakland, California.

Allen, a cornerback who is tied for second in the NFL with five interceptions, was injured in Sunday's 20-17 victory over Seattle.

He was injured while returning an interception in the first half of Sunday's game. "It's ironic to end the season on an interception," Allen said.

He said he expected to have surgery this week. Allen has missed only one game in his 11-year NFL career, against Philadelphia in 1989, with an ankle injury.

Clemens Makes History With 5th Cy Young Award

Glavine Edges Hoffman for NL Pitching Honor

Compiled by Our Staff From Dispatches

The voting for the Cy Young Award in the National League was close. The award for the American League pitcher was a landslide.

Tom Glavine edged Trevor Hoffman, the San Diego relief pitcher, to win his second NL Cy Young Award on Tuesday. It was the sixth time in eight years that an Atlanta Braves pitcher has earned the honor.

In the closest balloting in 11 years, Hoffman received the most first-place votes but fell 11 points short of Glavine, who appeared on three more ballots. The 32-year-old left-hander became the first Cy Young winner not to receive the most first-place votes.

On Monday, Roger Clemens received all 28 first-place votes as he won the AL award for a record fifth time.

Glavine, who also won the award in 1991, led the league with 20 victories and was tied for third with a 2.47 earned-run average. Hoffman had perhaps the most dominating season ever out of the bullpen, saving 53 games in 54 chances.

Glavine received 11 first-place votes, 13 seconds, 5 thirds and was left off three ballots for a total of 99 points. Hoffman got 13 firsts, 5 seconds and 8 thirds. The San Diego pitcher was left off six ballots and totaled 88 points. The 32 voters from the Baseball Writers' Association of America list their top three choices on the ballots.

The last time the NL Cy Young vote was this close was 1987, when Steve Bedrosian beat Rick Sutcliffe by two votes and Rick Renschel by three.

Another Padres pitcher, Kevin Brown, was third with 8 firsts, 8 seconds and 12 thirds for 76 points. Glavine's teammates, John Smoltz and Greg Maddux, tied for fourth with 10 points each.

At the All-Star break, Maddux had a 12-2 record and 1.54 ERA. But he struggled down the stretch, going 6-7 with a 3.18 ERA. He finished 18-9 with a league-leading 2.22 ERA, but failed to join Roger Clemens as the only five-time Cy Young winners.

Clemens, the Toronto Blue Jays right-hander, finished 20-6 and didn't lose a game over the final four months of the season.

Clemens won for the second straight year and was a unanimous choice for the third time in his career. The only other AL pitchers to be selected unanimously were Ron Guidry (1978) and Denny McLain (1968).

Clemens, 36, won his first three Cy Young awards while pitching for the Boston Red Sox. The last two have come in a Toronto Blue Jays' uniform, including this one, which he received by compiling a 2.65 ERA. He struck out 271 hitters in 234 1/3 innings and went 15-0 after a 5-6 start.

Pedro Martinez, the Boston fastballer, finished second with 20 second-place votes and five third-place votes, followed by David Wells and David Cone, both of the New York Yankees.

When Clemens won a year ago, he said he felt he had accomplished his mission of winning a Cy Young for each of his four children — Koby, Kory, Kasy and Kody.

"My boys' reactions were, 'Now, Dad, you have one for you,'" Clemens said. "It just really hasn't sunk in yet."

One of baseball's dominant pitchers for the past 14 years, Clemens became the fourth pitcher in 48 years to make at least 20 starts without a loss. And he is the first American League pitcher in 53 years to win the pitching triple crown by leading the league in victories, ERA average and strikeouts. He has done it in consecutive seasons.

Clemens said his 5-6 start this season prompted him "to look at the scoreboard before one game and kind of be embarrassed." He didn't lose again.

"You're not pitching to win a Cy Young," he said. "You're out there to grind and compete. Twenty wins is a magical number for pitchers, and the guys behind me played phenomenal. It was a great deal of fun out there. That's what winning does for you — it makes you want to stay longer and put in more time." (WP/AP)

Anaheim Cashes In on Mistakes

The Associated Press

ANAHEIM, California — The Anaheim Mighty Ducks scored their first shorthanded goal of the season, cashing in on a Los Angeles pass that went awry.

Then Anaheim added its second goal on another mistake, this one by the Los Angeles Kings' rookie goaltender.

Finally, Paul Kariya put the puck into an empty net to complete the Mighty Ducks' 3-1 victory Monday night over their rivals from up the freeway.

"They capitalized on our mistakes," said Manny Legace, the Kings' goalie. "Anaheim also got a solid performance in the net from Guy Hebert, who came within 3:46 of getting consecutive shutouts for the first time in his career."

"It would have been nice to get another shutout, no question, but this was a huge win. Beating the Kings is a great thing," Hebert said.

Hebert, who made 24 saves in a 1-0 victory Saturday at Calgary, went 120 minutes without allowing a goal before Olli Jokinen beat him on a deflection. The puck glanced off Ruslan Salei, an Anaheim defender.

The Kings have lost four games in a row and are 1-6-1 in their last eight.

Flames 5, Red Wings 3 Derek Morris and Valeri Bure each scored twice as Calgary beat struggling Detroit.

Calgary took a 4-1 lead early in the second period behind Bure and Morris before the Red Wings closed to 4-3. Steve Dubinsky added a goal, shooting into an empty net to seal the victory.

Steve Yzerman, Uwe Krupp and Sergei Fedorov scored for the Red Wings, who have lost six of eight games.

NHL Roundup

Nostalgia Time for Nordiques

A city without a team held center stage Monday at the Hockey Hall of Fame when Peter Stastny and Michel Goulet, who starred for the old Quebec Nordiques, were inducted. The Associated Press reported from Toronto.

"My heart belongs to that city," Stastny said of Quebec's capital, which had an NHL team from 1979 until 1995, when it was sold and moved to Denver to become the Colorado Avalanche.

Stastny, 42, now a pro scout with the St. Louis Blues, and Goulet, 38, director of player development for the Avalanche, were Nordique teammates through the 1980s.

Both played 15 years in the NHL. Stastny had 450 goals and 789 assists, while Goulet had 548 goals and 604 assists, with four consecutive seasons of 50-plus goals.

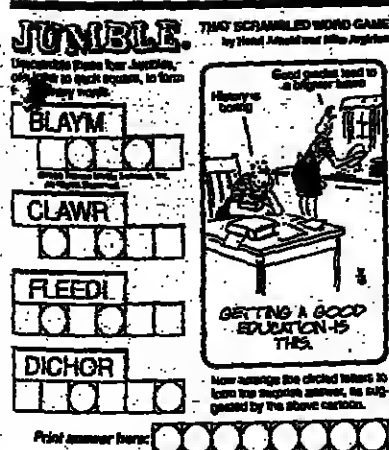


Arantxa Sanchez-Vicario losing the first set tiebreaker to Irina Spirlea at the Chase Championships.

DENNIS THE MENACE



"MR. WILSON SAYS HE KNOWS WHY I'M AN ONLY CHILD. HOW COME YOU GUYS NEVER TOLD ME?"

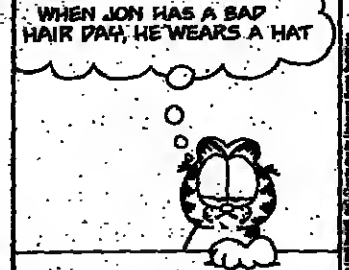


RECRUITMENT
Appears every Monday in The Intermarket.
In advertising contact Sonya Brownhead in our London office.
Tel: +44 1 71 420 0325
Fax: +44 1 71 420 0338
or visit nearest IHT office or representative.

PEANUTS



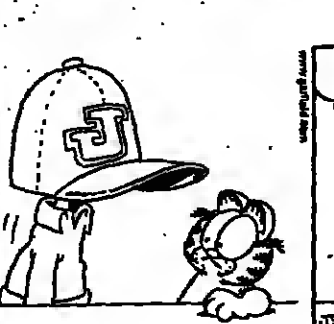
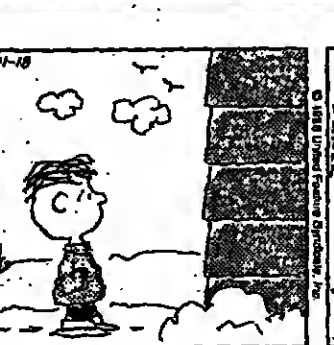
GARFIELD



BEETLE BAILEY



BLONDIE



CALVIN AND HOBBS



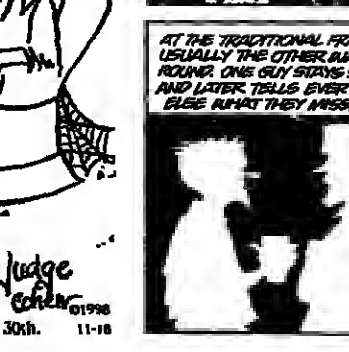
WIZARD of ID



NON SEQUITUR



DOONESBURY



OBSERVER

Decline and Fall

By Russell Baker

NEW YORK — On hearing that Newt had fallen, I immediately ran to my Roman history books.

Newt's Republican warriors, according to the great engines of media baloney, had risen up suddenly and savagely against him. A mighty blow being swiftly struck by men he thought the dearest of comrades. Newt was fallen.

"Cannibals!" he had cried in the desperate instant when he realized his end had come.

I knew I'd read this story somewhere years ago. Something about some great man's old soldier buddies carrying his severed head around on a spear point. It had to be a Roman tale. Declining-and-falling Roman.

I opened Gibbon's "Decline and Fall of the Roman Empire" to revisit Rome on the downhill slope. Newt's story was everywhere.

It was the story of Alexander Severus, a young emperor like Newt. Alexander's predecessor, Elagabalus, was so corrupt that the army, which really ran the empire, murdered the disgusting lout, says Gibbon.

Needing an emperor fast, the Roman soldiers quickly installed Alexander. Like young Newt coming unexpectedly to power in the House after routing the old Democratic regime, young Emperor Alexander was destined to learn that glory can be short-lived in a declining empire.

The Roman soldiers — a nasty and corrupt bunch at this stage of history — were disappointed by Alexander's inability to sweeten their existence, so had him killed, possibly by his own guards as

he slept, though Gibbon is inclined to think he was given a hearing of some sort and showed a deplorable lack of Ciceronian character. "Unavailing cries and entreaties disgraced the last moments of his life," writes Gibbon, "and converted into contempt some portion of the just pity which his innocence and misfortune must inspire."

Gibbon would have approved of Newt's behavior on learning that his hour had come. After that startled outburst about "cannibals," he did not invite posterity's contempt by disgracing his last moments with unavailing cries and entreaties.

Instead, while cameras looked on, he flung himself into warm and smiling embrace with Congressman Livingston, the good friend whom Newt had made chairman of a vital House committee and was now revealed as the author of his ruin.

I'm reading on in Gibbon. Rome's military emperor-makers have murdered Alexander so they can give the emperors to one of their favorite generals, a Thracian peasant named Maximin. Soon, however, Maximin's capital is exhausted. He is behaving badly toward women and children, not to mention politicians and the media.

Worse, the soldiers feel Maximin is making them work and fight under harsh conditions. And so Maximin, "abandoned by his guards, was slain in his tent with his son and chief aides."

"The sight of their heads, borne on the point of spears," says Gibbon, convinced Romans that happy days were again. They weren't. Good night, Newt.

New York Times Service

By Jamie James

New York Times Service

HANOI — The Orpheus Chamber Orchestra, a conductless ensemble from New York, performed before sold-out audiences last weekend at the newly refurbished Hanoi Opera House. It was the first American orchestra to play in this country since the Vietnam War ended in 1975.

The concert on Saturday was a high point of the social season in Hanoi, like opening night at the Metropolitan Opera with bottled water instead of champagne. The opera house, a scaled-down version of the Palais Garnier in Paris, built by the French colonial administration at the turn of the century, was splendidly refurbished last year by the Vietnamese government. Its facade was brilliantly lit as the audience arrived, turned on in its fanciest Western-style clothes.

The most compelling proof of the event's symbolic significance was the presence of General Vo Nguyen Giap, who led the Vietnamese Army to victories over both France and the U.S.-backed regime in Saigon. When Giap arrived wearing a faded, humble blue suit of the Ho Chi Minh era, audience members in the lobby bowed and softly applauded.

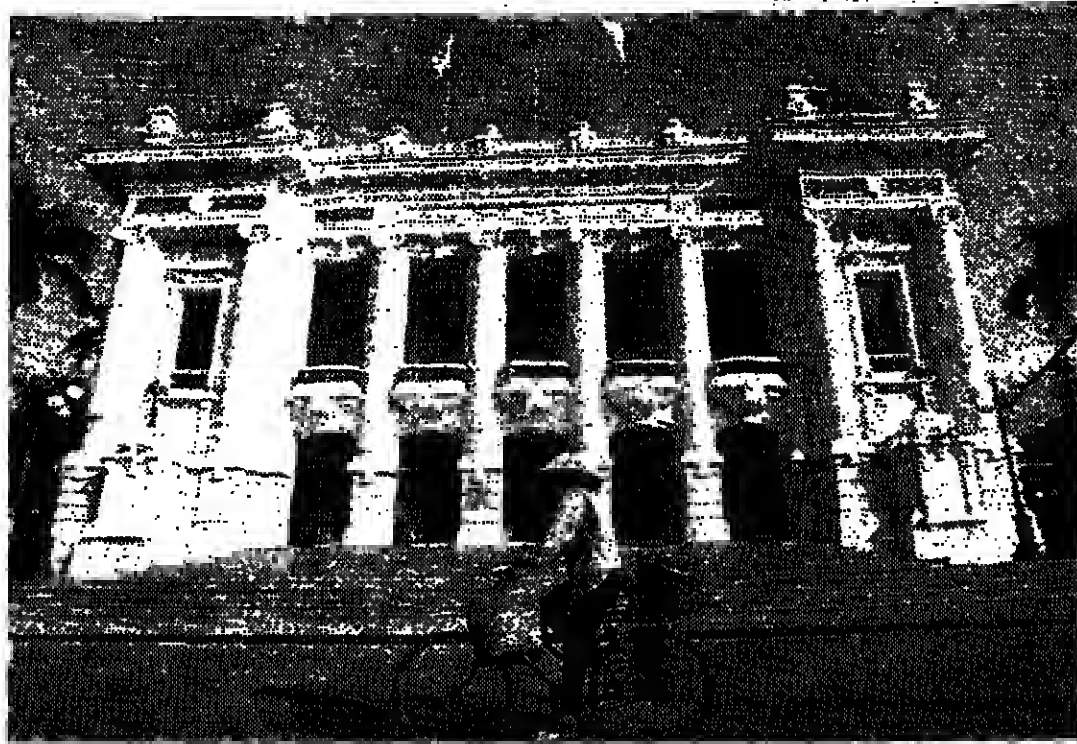
The program comprised selections from Beethoven's ballet, "The Creatures of Prometheus"; Haydn's Sinfonia Concertante; Barber's Adagio for Strings and Prokofiev's "Classical" Symphony. The Barber was well known to the audience from the sound track of "Platoon," since Hollywood films about the war are among the most popular titles on Vietnam's pirated-video market. But Julian Fifer, the founder and president of Orpheus, said the piece had been selected before Hanoi was added to the tour itinerary, because of a perceived need to include an American work that would not be too challenging for audiences in Southeast Asia.

It is perhaps fitting that the first American orchestra to perform in the Socialist Republic of Vietnam, one of the world's last remaining outposts of communism, should be Orpheus. The ensemble operates as a collective, its musicians sharing equally in running its programs.

The players arrived just after Veterans Day had been celebrated in the United States, on Nov. 11. It was a particularly emotional experience for Fifer, who called it "the realization of a lifelong dream."

As an undergraduate at Columbia University in the early '70s, Fifer was a leading member of the student anti-war movement. Before organizing Orpheus, in 1972, he formed a group called Music for Peace, which performed chamber music at the fountain in Lincoln Center Plaza to raise money for the cause and handed out anti-war pamphlets.

"The orchestra and I are thrilled to be here," he said, "to communicate directly through music making, the best bridge that can be built



The refurbished opera house in Hanoi, inspired by the Palais Garnier in Paris.

and the best statement we can make about our common humanity."

Saturday's concert and one on Sunday were the centerpiece of Orpheus's eight-country tour of Southeast Asia; the group was moving on next to a performance in Kuala Lumpur.

The Vietnamese welcomed the orchestra effusively. The demand for tickets was great, so much so, said Bui Gia Tuong, a cellist who studied with Mstislav Rostropovich at the Moscow Conservatory, that it would have taken half a dozen concerts in the 700-seat opera house to accommodate everyone who wanted to attend. The tickets cost as much as \$30 each, an amount far out of the reach of most people here. The orchestra therefore invited the students and faculty of the Hanoi National Conservatory of Music to a rehearsal last Saturday morning.

Orpheus may be conductorless, but it is far from leaderless. In theory, each of the 26 members of this musical collective is a leader, free to critique the other players and help shape the overall interpretation. As a result, rehearsals sometimes devolve into musical brawls.

"I don't know how we've got this far," said David Singer, a clarinetist who has performed with Orpheus since 1977. "In rehearsals, we all have this fantasy that we can say something that will make a difference. It's crazy. Sometimes it's like the Knesset, everybody bolting at the same time. We've had chairs thrown."

The rehearsal on Saturday was a sedate affair by Orpheus standards, perhaps because of the audience, which nearly filled the opera house. The session began with a run-through of the Haydn Sinfonia Concertante in B flat, and at the end

of the first movement, the audience, heedless of etiquette, burst into excited applause.

As the players thrashed out fine points in the score, the musicians in attendance rapidly witnessed a process that could in no way have resembled the orthodox rehearsals they were accustomed to at the conservatory. Four hours later, most of them were still there for a question-and-answer session.

Some seemed befuddled as to how the orchestra could exist without an authoritarian artistic leader. But when a young woman said, "After hearing you play, I am a little concerned about the future of conductors," laughter and applause rippled through the house.

Orpheus performed the Haydn work with elegance and wit, but the Beethoven ballet sounded small, because of the hall's dry, distant acoustics.

The audience reacted warmly if a bit tentatively, seeming not quite sure of itself. Musicians from the conservatory who were in attendance, however, offered unrestrained praise.

"It's amazing that they can play together so well without a conductor," said Kim Xuan Hieu, a horn player and first-year instructor. "They play like a family."

The audience responded with increasing enthusiasm as the evening wore on, rising to a whooping ovation for the first encore, the Overture to Rossini's "Barbiere di Siviglia."

At the end, a slim young woman dressed in a hot pink ooi doi, as the snug-fitting shift suit that is the national costume of Vietnamese women is called, went onstage to present a huge bouquet of flowers — to whom?

She stood at the center of the semicircle, where a podium might have been but wasn't, flustered and blushing as brightly as her dress, until Eric Wyrick, the concertmaster, graciously took the flowers off her hands. As the audience cheered, she bowed low and beat a hasty retreat.

PEOPLE

HAS the Worm tied the knot or not? The basketball bad boy Dennis Rodman married Carmen Electra, an actress in the television show "Baywatch," at a chapel in Las Vegas over the weekend, according to Rodman's agent, Dwight Manley. County records confirm that the couple picked up a marriage license Saturday, but chapel officials declined to comment. Manley said the Chicago Bulls star was intoxicated and was taken advantage of by Electra and people he called "leeches." He added: "From what I can determine, it's not legal. It sounds like he was deeply intoxicated. Obviously anyone that would marry somebody that was intoxicated to the point that they couldn't speak or stand had ulterior motives of some sort." Rodman and Electra were not available to comment.

John and Caroline Kennedy have accused Barbara Streisand's brother of cheating them out of half their interest in a 20-year-old real-estate trust established by their mother. The allegations

against Sheldon Streisand came to light in court papers he filed to block arbitration the Kennedys requested concerning his handling of the trust's money. The trust was established in June 1978 by Jacqueline Kennedy Onassis and owns 99 percent of a real estate investment partnership called Western Properties Associates Three. The Kennedys contend that Streisand sold 50 percent of Western to his wife for the

"bargain price" of \$500,000, "diluting [the Kennedys'] 20-year-long interest in the partnership from 99 percent to 49 percent." The Kennedys asked that Streisand and his company be ousted as general partners and replaced with partners chosen by them.

Senator Alfonse D'Amato has been dumped again, the Daily News in New

York says. Hilary Geary has broken off her two-year romance with D'Amato, who lost his re-election bid this month, the newspaper quoted unidentified friends as saying. D'Amato and Geary were rumormongered about their parting, and his office had no comment Monday. Insiders said the Republican's tough campaign against Charles Schumer may have strained the relationship.

Library of Congress Goes to the Movies

The Associated Press

LOS ANGELES — The 1935 horror classic "The Bride of Frankenstein" and the original 1925 silent version of "The Phantom of the Opera" have been honored by the Library of Congress for their contributions to American cultural history.

The movies were among the 25 added to the library's National Film Registry. Now at 250 films, the registry was created by Congress in 1988 to celebrate American cinema and to call attention to the need to preserve films.

Also added this year were the little 1928 animated film "Steamboat Willie" that helped build the Disney giant, the 1967 Bob Dylan documentary "Don't Look Back," the 1931 James Cagney gangster film "The Public Enemy" and the 1971 coming-of-age-in-Texas story "The Last Picture Show."

Charlie Sheen, who nearly died of a drug overdose five months ago, has won a Malibu, California, judge's permission to get out of rehab. The judge reminded the actor that he was near death when his father, Martin Sheen, reported him to the court for abusing drugs and alcohol while on probation for allegedly knocking his girlfriend to the floor. "Today was a good day," Sheen said after the hearing. "I'm very grateful today. It's a good day to be alive. I've been able to re-embrace life through this program. I want to thank my family."



BLOND AND BLONDER — Drew Barrymore, right, with the singer Courtney Love at the premiere of Barrymore's new movie "Home Fries," a "romantic comedy," during a screening in Los Angeles.



(put on a happy face)

and use AT&T Direct™ Service. With the world's most powerful network, you get fast, clear, reliable connections from anywhere. Plus you'll always have the option of an operator who speaks your language. All it takes is your AT&T Calling Card or credit card, and you're well on your way. So smile.

Steps to follow for easy calling worldwide:

1. Just dial the AT&T Access Number for the country you are calling from.
2. Dial the phone number you're calling.
3. Dial your card number.



AT&T Access Numbers					
Austria	012-993-411	Greece	00-800-1311	Saudi Arabia	1-800-10
Belgium	0-800-188-10	Ireland	1-800-550-000	Spain	700-99-00-11
Czech Republic	00-42-000-101	Israel	1-800-94-94-94	Sweden	020-795-411
Egypt (Cairo)	510-0200	Italy	172-1011	Switzerland	0800-87-0011
France	0-800-79-0011	Netherlands	0800-022-7111	United Kingdom	0800-87-0011
Germany	0130-0010	Russia (Moscow)	755-5042	United Kingdom	0590-87-0011

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at www.att.com

For access numbers not listed above, ask any operator for AT&T Direct Service, or visit our Web site at: www.att.com/traveler



It's all within your reach.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Bold-faced countries permit country-to-country calling outside the U.S. Collect calling is available to the U.S. only. Country-to-country rates consist of the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed above. Pay phone deposit. A limited availability. Calling available to most countries. Public phones require local coin payment during the call. "Dial 01" first outside Canada. Additional charges apply outside Missouri. U.S. toll-free number in N. Ireland. If call does not complete, use 0800-012-0011. ©1998 AT&T